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THE BUREAU OF ORDNANCE BUDGET SYSTEM

BY
EARL J. SCHMITT



THE GEORGE WASHINGTON UNIVERSITY SCHOOL OF GOVERNMENT

U. S. NAVY GRADUATE COMPTROLLERSHIP COURSE

THE BUREAU OF ORDNANCE BUDGET SYSTEM

FOR

Dr. A. REX JOHNSON SEMINAR IN COMPTROLLERSHIP

PREPARED BY
EARL JOSEPH SCHMITT
LIEUTENANT COMMANDER
SUPPLY CORPS
UNITED STATES NAVY

JANUARY 1954



PREFACE

Just before reporting to the Navy Postgraduate

Comptrollership Course at George Washington University,

It was my pleasure to serve as Supply and Fiscal Officer of

the Naval Underwater Ordnance Station, Newport, Rhode

Island. This station is under the management control of

the Bureau of Ordnance, Department of the Navy. During

this period, my dealings with the Bureau of Ordnance were

always very pleasant. In particular, the Financial

Divisi on was always very helpful with any problems and

was always ready to render any assistance required.

I was very much impressed with the improvements that the Bureau of Ordnance had made in the financial management area during my tour of duty. Also in implementation of Title IV amendments to the National Security Act of 1949, the Bureau of Ordnance was one of the first bureaus of the Department of the Navy to establish a Comptroller and to install the Navy Industrial Fund accounting at one of its field activities, the Naval Ordnance Plant, York, Pennsylvania.

THIS PROGRESSIVE RECORD OF ACCOMPLISHMENTS BY THE BUREAU IN THE BUDGETING AND ACCOUNTING FIELDS AND THE

I'M' DOT

JUST DEFORTING TO THE AVY DOSTGRIDUATE
JOHOT OLD LEHT DOWNER AT LEDRGE LATERCETCH UNIVERTITY,
IT WAS MY PLIATURE TO SERVE AS SUPPLY AND ISCAL CHFICER
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THE EDUCAD OF ORB A SE, DEPARTMENT OF THE LAVY. DURING
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JOHN S ALWAYS THY HELPPUL WITH A Y PROLEM. AND
MAS ALWAY ASSISTANCE REQUIRED.

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MANAGEMENT AREA OUTING BY TOOM OF DUTY. LESO IN INCLEME
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OF THE TRANSPORT OF THE NAVY TO ESTALLISH A SO PIECLERA
AND TO INSTALL THE NAVY LYDUSTRIAL TUND ACCCURTING AT DAT
OF ITS TED ACCURTING AT DAY.

THIS DOORSELING RECORD OF ACCOUNTING MYS BY THE

EXCELLENT RECEPTION I RECEIVED FROM THE COMPTROLLER AND

DEPUTY COMPTROLLER OF THE BUREAU OF ORDNANCE, WERE IN
DUCEMENTS TO WRITE ON THE BUREAU OF ORDNANCE BUDGET SYSTEM.

THIS PAPER WILL DEAL WITH THE BUDGET SYSTEM AS IT AFFECTS THE FIELD ACTIVITIES OF THE BUREAU. THE FIELD ESTABLISHMENT OF THE BUREAU OF ORDNANCE IS ONE OF THE MOST DIVERSIFIED IN THE NAVY DEPARTMENT. THERE ARE ORDNANCE PRODUCTION ACTIVITIES, ORDNANCE RESEARCH ACTIVITIES, ORDNANCE TESTING ACTIVITIES, ORDNANCE OVERHAUL ACTIVITIES, AMMUNITION STORAGE AND ISSUE ACTIVITIES, AND SEVERAL OTHER MISCELLANEOUS ORDNANCE ACTIVITIES. REAR ADMIRAL E. W. CLEXTON, USN, ASSISTANT COMPTROLLER, BUDGET AND REPORTS. IN A RECENT ADDRESS TO THE NAVY COMPTROLLERSHIP CLASS MENTIONED THE LACK OF ADEQUATE ORDNANCE PRODUCTION ACTIVITIES IN INDUSTRY OUTSIDE OF THE NAVY, WHICH COULD BE CALLED ON IN AN EMERGENCY TO PRODUCE ORDNANCE FOR THE NAVY, SIMILAR TO THE COMMERCIAL AIRCRAFT PLANTS AND SHIP-BUILDING YARDS, WHICH CAN EXPAND OR INCREASE PRODUCTION TO HANDLE NAVY CONTRACTS IN A MOBILIZATION PERIOD.

THEREFORE, THE ORDNANCE SHORE ESTABLISHMENT IS

EXTREMELY IMPORTANT TO SERVE THE FLEET AND OTHER IMPORTANT

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DEPARTMENT OF DEFENSE REQUIREMENTS, IN PEACE AND WAR, AND

TO PROVIDE A MOBILIZATION BASE IN TIME OF AN EMERGENCY

FOR INCREASED ORDNANCE PRODUCTION, OVERHAUL, AND RESEARCH.

I WANT TO EXTEND MY SINCERE THANKS AND TO ACKNOWLEDGE
THE ASSISTANCE RENDERED IN PREPARATION OF THIS PAPER BY
MR. G. O. PEHRSON, COMPTROLLER OF THE BUREAU OF ORDNANCE;
MR. E. S. TILLEY, DEPUTY COMPTROLLER OF THE BUREAU; MR.
A. B. CRAP, HEAD OF THE BUDGET AND ESTIMATES BRANCH; MR.
W. J. KENNEVAN, HEAD OF THE FISCAL SYSTEMS BRANCH; MR.
W. E. LILLY, HEAD OF THE ESTIMATES AND ANALYSIS SECTION;
MR. W. G. DOAK, HEAD OF THE SPECIAL PROJECTS SECTION; AND
MR. R. A. WICKER, HEAD OF THE ADMINISTRATIVE AND ACCOUNTING BRANCH.

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CHAPTER I INTRODUCTION

The Hoover Commission was created by unanimous vote of Congress in July 1947 by the Lodge-Brown Act.

The Commission was bi-partisan and was composed of six members of each party.

THE COMMISSION BEGAN BY DEFINING TWENTY-FOUR OF
THE PRINCIPAL PROBLEMS OF GOVERNMENT AND MANAGEMENT.

SPECIAL RESEARCH COMMITTEES OR TASK FORCES COMPOSED OF
SPECIALISTS FROM OUTSIDE THE FEDERAL GOVERNMENT WERE
CREATED TO INQUIRE INTO EACH OF THESE PROBLEMS.

ONE OF THE TASK FORCES STUDIED BUDGETING AND FISCAL PROCEDURES OF THE NATIONAL MILITARY ESTABLISHMENTS AND RECOMMENDED CHANGES THERETO. THE RECOMMENDATIONS WERE DRAWN UP BY THE TASK FORCES, APPROVED BY THE HOOVER COMMISSION, ACCEPTED BY THE ARMED SERVICES AND PROVIDED IN GENERAL THAT FULL POWERS OVER PREPARATION OF THE BUDGET SHOULD BE VESTED IN THE SECRETARY OF DEFENSE UNDER THE PRESIDENT; THAT THE SECRETARY OF DEFENSE SHOULD DIRECT A FULL REORGANIZATION OF FISCAL AND BUDGET PRACTICES, AND THAT A PERFORMANCE-TYPE BUDGET SHOULD BE INSTITUTED THROUGHOUT THE ARMED SERVICES; AND THAT THE ARMED SERVICES SHOULD BE REQUIRED TO KEEP ACCURATE RECORDS OF THEIR

DH. PTLE

INTERNATION

THE CONNESSTON WAS CREATED BY UNANIMOUS VOTE OF CONGRESS IN JULY 1947 BY THE LOUGE-BRIUN OF SET THE CONNESSTON AS BI-FARTISAN AND WAS CONFOSED OF SET MEMBERS OF EACH PARTY.

INS COMMISSION BECAM BY GETIVING TWENTY-FOUR OF THE PRINCIPAL PROBLEMS OF GOVERNMENT AND MANAGEMENT.

OPICIAL RESEATOR COMMITTEES OR LASK LONGER COMPOSED OF SPECIALISTS TROM OUTSIDE THE ESD HAL COMENMENT WEND CREATED TO INCUIRE IN O SACE OF THESE PROBLEMS.

PROCEDURES OF THE NATIONAL VILITARY ESTA LISHMENTS AND FISHING OF THE NATIONAL VILITARY ESTA LISHMENTS AND RECOMMINDED CHANGES IN STO. THE MICHARDATIONS WERE DEAVEN UP BY THE TACK FORCES, APPROVED BY THE HOOVER COMMISSION, ACCEPTED BY THE MAD BEFFICES AND PROVIDED IN CENERAL THAT FULL POWERS ON PREPARATION OF THE SUBJECT THE STOULD BE VESTED IN THE SCREENAY OF STANKE UNDER THE FULL RECREATED OF FIRST SHOULD DIR THE THAT A PERFORMANCE-TYPE BUICKT AND THAT THE MACTICES, AND THAT THE MARKS SHOULD BE ANSFAINTED THAT A PERFORMANCE-TYPE BUICKT SHOULD BE ANSFAINTED THAT A PERFORMANCE-TYPE BUICKTS; AND THAT THE MAKES WALLS

OPERATIONS.

THE STATUTORY REACTION TO THE HOOVER COMMISSION RECOMMENDATION WAS THE TITLE IV AMENDMENT TO THE NATIONAL SECURITY ACT OF 1947, WHICH WAS ENACTED INTO LAW BY CONGRESS IN 1949 AS PUBLIC LAW 216.

The New Title IV aimed at establishing uniform budgetary and fiscal procedures and organization within the Department of Defense. This amendment directed the establishment of Comptrollers in the Department of Defense, Department of the Navy, Department of the Army, and Department of the Air Force; authorized working capital funds; authorized management funds; required quantitative and monetary property recording; called for the performance—type budget presentation by the Navy, Army, and Air Force by fiscal year 1952.

THE PREPAREDNESS SUBCOMMITTEE No. 3 OF THE

SENATE ARMED SERVICES COMMITTEE CONDUCTED OPEN HEARINGS

FROM THE 2ND TO 4TH OF NOVEMBER, 1953 TO DETERMINE WHAT

ACTION HAD BEEN TAKEN BY THE SECRETARY OF DEFENSE AND

THE MILITARY DEPARTMENTS IN THE IMPLEMENTATION OF TITLE IV

OF THE NATIONAL SECURITY ACT AMENDMENTS OF 1949, AND TO

DETERMINE IF FURTHER LEGISLATION WAS REQUIRED.

OPT.IATIONS.

TH STATUTORY EXCTION TO THE MOOVER COMMISSION IN THE MOTOR TO THE MELO' SECURITY OF 1947, WHICH WAS ENACTED RITO LAW Y CONSIESS IN 1949 AS UBLIC LAW 218.

THE MEN TITLE TO AIMED AT ESTABLISHING UNITORN BUDGETARY AND FISCAL PROC DURES AND DAGARIZATION WITHIN THE DEPARTMENT OF COMPTSOLLERS IN THE DEPARTMENT OF COMPTSOLLERS IN THE DEPARTMENT OF THE CAPTURENT FUND.: 95QUIRED CUANTITALS TUNDS: AUCHORIZED ACASEMENT FUND.: 95QUIRED CUANTITALS AND TOWERARY PROPERTY RECONDING: CALLED FOR THE PEROM.

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In a statement before the Subcommittee under the chairmanship of Senator Flanders of Vermont, the Secretary of the Navy said: 1

I STRONGLY CONCUR WITH THE HOOVER COMMISSION'S OBSERVATION THAT THE BUDGET AND APPROPRIATION PROCESS IS THE HEART OF THE MANAGEMENT AND CONTROL OF THE EXECUTIVE BRANCH. AS SECRETARY OF THE NAVY, I HAVE GIVEN, AND SHALL CONTINUE TO GIVE MUCH OF MY ATTENTION TO STRENGTHENING THE BUDGETARY PROCESSES AND FINANCIAL MANAGEMENT IN NAVY. I HAVE FOUND TITLE IV OF THE NATIONAL SECURITY ACT AMENDMENTS OF 1949 TO BE AN EXCELLENT PIECE OF LEGISLATION. EVERYTHING POSSIBLE HAS BEEN DONE TO IMPLEMENT ITS PROVISIONS, ALTHOUGH FURTHER PROGRESS IS BOTH REQUIRED AND PLANNED.

THE NAVY WAS PARTICULARLY FORTUNATE IN THAT, FOR A GREAT MANY YEARS PRIOR TO THE PASSAGE OF TITLE IV. THE IMPORTANCE OF FISCAL MANAGEMENT HAD BEEN FULLY RECOGNIZED. ADVANCES IN THIS FIELD FACILITATED IMPLEMENTATION OF THE PROVISIONS OF TITLE IV. FOR EXAMPLE, BUDGET PREPARATION AND EXECUTION HAD BEEN AN ESTABLISHED FUNCTION UNDER THE OFFICE OF BUDGET AND REPORTS SINCE 1941. THE NAVY. IN COLLABORATION WITH THE NAVY APPROPRIATION SUB-COMMITTEE OF THE HOUSE APPROPRIATIONS COMMITTEE, HAD RECOMMENDED TO THE CONGRESS. AS EARLY AS 1946. THE ADOPTION OF A REVISED APPROPRIATION STRUCTURE ALONG PROGRAM AND PERFORMANCE LINES. LIKEWISE. COORDINATION OF THE BUDGET WITH PROGRESS AND STATISTICAL REPORTING HAD BEEN LARGELY EFFECTED. PROPERTY ACCOUNTING ON BOTH AN ITEM AND DOLLAR BASIS HAS BEEN IN EXISTENCE FOR MANY YEARS, EXCEPT FOR A TEMPORARY INTERRUPTION DURING WORLD WAR II. INDUSTRIAL OR COMMERCIAL-TYPE ACCOUNTING, TO THE EXTENT PERMITTED BY LAW, WAS ALSO ESTABLISHED AT MAJOR ACTIVITIES PRIOR TO TITLE IV. THE NAVY HAS BEEN USING A REVOLVING STOCK FUND TO FINANCE

Secretary of the Navy Robert B. Anderson,

Statement of the Secretary of the Navy Before Preparedness

Subcommittee No. 3 For The Implementation Of Title IV Of

The National Security Act Amendments of 1949 Senate Armed

Services Committee, pp 1-2.

IV A STATELLING BREOME THE DULCOMMETTER UNDER THE

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I STROWSLY CONCUR. WITH THE HOOVER SOMMISSION'S OBSE VATION THAT THE UNIT AND APPROPRIATION PROCESS IS THE HEART OF THE MANAGEMENT AND COVE.OL OF THE EXECUTIVE MANUAL OF THE MALE OF THE WORL OF THE ATTENTION TO STREET, WAS THE MUCH OF THE ATTENTION TO STREET WAS THE AND STREET OF THE ATTONAL STORMITY OF THE ATTONAL STORMITY OF AND MENTS OF 1945 TO THE ATTONAL STORMITY OF ANGLE WAS BEEN DOUR TO INSTENSIBLE WAS BEEN DOUR TO INSTENSIBLE WAS BEEN DOUR TO INSTENSIBLE FOR THE PROGRESS IS NOTHER RECURRED AND PLANNED.

THE NAVY WAS PARTICULARLY FORTUNATE IN THAT. FOR A GREAT MANY YIALS PRIOR TO THE PASSAGE OF PITLE IV. THE INCOUTANCE OF FISCAL MANAGETER PAU RIEN FULLY SCOGNIZED. DVANCES IN THIS FILLD FACILITATED UMPLICNEATION OF THE PROVICTIONS OF LITE IV. "O KAMPLE, BUDGET PRESALATION AND SKACUTION LAD ULEN AT LICHED FUNCTION UNDER THE OFFICE OF UDGET AND SPORTS SINCE 1241. THE MANY, IN COLLABORATION WITH THE SALY APPROPRIATION CUL-COMMITTEE OF THE OUDE PPROPRIATIONS JOHNITTEE, HAD RECOIMEDED TO THE SONGRESS, AS TARLY AS 1940, THE ADOPTION O. A SYLVED APPROPRIATION STRUCTULE ALONG PROGLAM AND PAUFORMANCE LINES. LIKETICES, COORDINATION OF THE FLOGET WITH PROGRESS AND STATISTICAL PORTING AND BIEN LANGLLY LEPLICED. PROPERTY ACCOUNTING ON FORH AN ITEM AND DOLLAR BASIC TAS BETHELD TETTYCL FOR MANY YLARS, ITCLPT FOR A TEMPOLARY INTERRUPTION DURING ORLD A /1. INDUSTRIAL OR CONFERENCE ACCOUNTING, TO THE EXTELT PERMITTED YE LAND WAS ALSO SINTLISHED AT MAJOR ACTIVITIES PRIOR TO LITEE IV. TH. LAVY HAS BEEN USING A B. VOLVING STOCK FUND TO FINANCE

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COMMON USAGE ITEMS ON AN ISSUE RATHER THAN INITIAL PROCUREMENT BASIS SINCE 1893. THESE ACCOMPLISHMENTS IN FINANCIAL MANAGEMENT ARE MENTIONED TO POINT OUT THAT THE PRIMARY TASKS CONFRONTING THE DEPARTMENT AT THE TIME OF PASSAGE OF TITLE IV WERE CONCERNED LARGELY WITH: (1) BRINGING TOGETHER AND INTEGRATING WITHIN ONE ORGANIZATION THE VARIOUS FISCAL FUNCTIONS BEING PERFORMED AT DIFFERENT ORGANIZATION LOCATIONS THEOUGHOUT THE DEPARTMENT; (2) IMPLEMENTING FUNCTIONS WHERE RELATIVELY LITTLE PROGRESS HAD BEEN MADE, SUCH AS INTERNAL AUDITING AND THE ESTABLISHMENT OF WORKING CAPITAL FUNDS AT INDUSTRIAL OR COMMERCIAL—TYPE OPERATIONS; AND (3) PLACING INCREASED EMPHASIS ON IMPROVED POLICIES AND PROCEDURES IN ALL AREAS OF FINANCIAL MANAGEMENT.

In describing the Navy's accomplishments in performance budgeting and the establishment of working capital funds, the Secretary of Navy said: 2

TITLE IV REQUIRES THE ADOPTION OF A PROGRAM OR PERFORMANCE BUDGET WHICH FOCUSES ATTENTION UPON PROGRAMS: (1) OBJECTIVES TO BE ATTAINED; (2) COST; AND (3) ACCOMPLISHMENT. IT ALSO REQUIRES THE SEGREGATION OF OPERATING AND CAPITAL PROGRAMS. FORTUNATELY, THE NAVY HAS LONG BEEN SO ORGANIZED AS TO FACILITATE THE IDENTIFICATION OF FUNCTIONAL PROGRAMS. THE ANNUAL OBJECTIVES FOR EACH PROGRAM ARE DEFINED IN THE BASIC NAVAL ESTABLISHMENT PLAN, WHICH IS REVISED DURING THE YEAR AS PLANNING PROGRESSES. THUS, FUNCTIONAL PROGRAMS IN THE NAVY ARE GIVEN REALITY AND MEANING BY IDENTIFICATION WITH RESPONSIBLE ORGANIZATIONS, STATED MISSIONS, AND SPECIFIC OBJECTIVES.

TITLE IV REQUIRED THE ESTABLISHMENT OF WORKING CAPITAL FUNDS IN ORDER MORE EFFECTIVELY TO CONTROL AND ACCOUNT FOR THE COST OF PROGRAMS AND WORK PERFORMED IN THE DEPARTMENT OF DEFENSE. THE COMPTROLLER'S OFFICE HAS EXPENDED CONSIDERABLE

²IBID. PP 6, 7, 9, 10

COMMON USAGE ITEMS ON AN ISSUE RATHUR THAN INITIAL PROCUREM NY ASIS SINCE 1898. THESE ACCONDISTIVENT IN FINANCIAL MANAGEMENT ALL NUSTIONED TO POINT OUT THAT THE PRIMARY TASKS CONFRONTING THE DEPARTMENT AT THE SIME OF PASSAGE OF ITTLE IV WERE CONCERNED LARGELY WITH: (1) BRINGING TOGETHER AND INITGRATING SITTHIN ON ORGANIZATION SISCAL FUNCTIONS SELVE OUT THE DEPARTMENT; (2) INPLEMENTING THROUGH AS INTELY UNCTIONS THE DEPARTMENT; AND THE ESTABLISHMENT OF WORKING CAPITAL FUNCTIONS AT INDUSTRIAL OR COMMERCIAL—TYPE OPERATIONS; AND (3) PLACING INCREASED SHEALIS ON IMPROVED POLICIES AND PLOCEDURES IN ALL AREAS OF FINANCIAL MANAGEMENT.

IN SESCRIBING THE AVY'S ACCOMPLISHMENTS IN

PERFORMANCE BUDGETING AND THE ESTABLISHMENT OF WORKING

CAPITAL FUNDE. TH. CRETARY OF LAVY SAID:

ILTEL TO COURTS THE ABOUTION OF A PROCRAM OF PERFLAMA COUNTY INCOME ACCUSES ATTENTION UPON PROCRAMS: (1) OBJECTIVES TO BE ATTAINED; (2) COST; AND (3) ACCOMPLISHENT. IT ALSO REQUIRES THE SUGATION OF SPUGATING AND CAPITAL PLOCRAMS. FOR TUNATELY, THE LATE LOVE HEW SO OCCANIZED AS TO FACILITATE THE IDENTIFICATION OF FUNCTIONAL ARE DEFINED IN THE ASSIC WAYAL STAILISHMINT LANGUAGES DESTINED IN THE ASSIC WAYAL STAILISHMINT LANGUAGES DEFINED IN THE ASSIC WAYAL STAILISHMINT LANGUAGES COURT INCOME THE YEAR AS PLAKINGS AND CHUCK IS ELVEN IS AND MAKE CIVEN ISALTEY AND MAKE INC BY LIGHTLANT CAPITAL AND ARE CIVEN ISALTEY AND MAKE INC BY LIGHTLANT CAPITAL AND AND SPECIFIC CHARCTINES.

TITLE IV AEQUIRED THE STALLSHYINT OF WORKING CASTAL FUNDS IN COURT FOR SERVICTIVELY TO CONTROL AND ACCOUNT FOR THE COST OF PROTRAIS AND WORK PLAFORMED IN THE COASTALLY OF SERVICE PLAFORMED CONSIDERABLE OFFICE HAS IXPINDED CONSIDERABLE

² Ibr. 2P 1, 1, 9, 10

EFFORT IN THIS AREA. TO DATE, 28 ACTIVITIES OF THE INDUSTRIAL OR COMMERCIAL-TYPE HAVE BEEN CONVERTED TO WORKING CAPITAL FUND FINANCING AND COMMERCIAL-TYPE ACCOUNTING. THIS INCLUDES 3 SHIPYARDS, 2 ORDNANCE PLANTS. 1 POWDER FACTORY, 1 RESEARCH LABORATORY, THE MARINE CORPS CLOTHING FACTORY, MILITARY SEA TRANSPORTION SERVICE, THE DEFENSE PRINTING SERVICE, AND 18 FIELD PRINTING PLANTS. DURING THE REMAINDER OF THE FISCAL YEAR, IT IS PLANNED TO CONVERT 3 ADDITIONAL INDUSTRIAL-TYPE ACTIVITIES. THIS LEAVES A LARGE NUMBER OF ACTIVITIES TO BE CONVERTED. PROGRESS IS INCREASING, HOWEVER, AS PERSONNEL GAIN EXPERIENCE, AND MANUALS OF INSTRUCTIONS AND PRO-CEDURES ARE PREPARED TO COVER THE VARIOUS TYPES OF INSTALLATIONS.

Many who attended these open hearings felt that the Department of the Navy had progressed more rapidly and had more favorably impressed the Subcommittee in the implementation of Title IV than the Department of the Army or the Department of the De

FOR THE SECRETARY OF NAVY TO HAVE BEEN ABLE TO

GIVE SUCH AN EXCELLENT REPORT OF PROGRESS, IT WAS NECESSARY

FOR THE OPERATING BUREAUS OF THE NAVY DEPARTMENT TO HAVE

COOPERATED WITH THE COMPTROLLER OF THE NAVY IN THE

INSTALLATION OF THE NAVAL INDUSTRIAL FUND AT INDUSTRIAL

OR COMMERCIAL-TYPE ACTIVITIES, AND TO IMPROVE BUDGETING,

COST ACCOUNTING, APPROPRIATION ACCOUNTING AND PROPERTY

ACCOUNTING AT THEIR FIELD ACTIVITIES.

THE BUREAU OF ORDNANCE HAS ACCOMPLISHED EXCELLENT
RESULTS DURING THE PAST THREE YEARS IN THE FIELD OF

EFFORT IN THIS AREA. To JATE, & A TIVITIES IF THE INDUSTRIAL OR COMMERCIAL-TIPE HAVE EEN CONFERTED TO MORIUS CAPITAL FUND INVISING A TO COMMERCIAL-TYPE ACCOUNTING. TIS INCLUITS & SHIPPARDS, 'ORDNANCE PLANTS, 'I DOWN OR FACTORY, I RISSARCH LAIDRATORY, TAYS MARINE CORPS CLOTHING FACTORY, 'ILLITARY OFA AVO LO FILED PLINTING SERVICE, AND THE FICKLE PLINTING FOR THE TICAL YEAR, IT L. LINNED TO CONVERT ADDITIONAL INDUSTRIAL-TYPE ACTIVITIES. 'NIL LEAVES A LARCE NUMBER OF ACTIVITIES.' 'NIL LEAVES FROCRESS IS INCREASING, NOW YEAR, AS PROSUNCE GAIN EXPERTINCE, AND MAIDALS OF INSTRUCTIONS AND PROCESS OF INSTRUCTIONS TYPESS OF INSTRUCTIONS TO THE STALLATIONS.

THE JUPA THENT OF THE WAVY HAD PROGRESSED HORE RAPIDLY AND HAD PROGRESSED HORE RAPIDLY AND HAD HOR FAVORABLY IMPRESSED THE SUBCONNITTEE IN THE IMPLEMENT OF THE ARMY OR THE LEPARTHENT OF THE ARMY OR THE LEPARTHENT OF THE ARMY OR THE LEPARTHENT OF THE ARMY OR THE ARMY OF THE ARMY OF THE ARMY OF THE ARMY OF THE ARMY OR THE ARMY OR

OR THE SCILLING PROPERSE, IT WAS AFREST OF PROCRESS, IT WAS AFREST FOR THE OPERATING WRITING OF THE LAVY CPARTHENT TO PAY COOPERATED WITH THE OUPTROLLER OF THE LAVY AFRESTAL INSTALLATION OF THE LAPAL LAVIETIES, AND TO INDUSTRIAL OUPSETTING, OF THE ACCOUNTING AFREST AFREST ACCOUNTING ACCOU

TE URIAU OF GROWALLS LAS ACCOMPLISHED EXCLL WALSTLES DURING THE PAST TURES YEARS IN THE FIFE OF

BUDGETING AND ACCOUNTING AT FIELD ACTIVITIES UNDER ITS

MANAGEMENT CONTROL. IN ADDITION TO APPOINTMENT OF A

BUREAU COMPTROLLER AND BUILDING ITS BUDGET ALONG PROGRAM

LINES, THE BUREAU OF ORDNANCE HAS INSTALLED THE NAVAL

INDUSTRIAL FUND IN FOUR FIELD ACTIVITIES WITH PLANS FOR

EXTENSION OF THE NAVAL INDUSTRIAL FUND TO OTHER ACTIVITIES

IN THE IMMEDIATE FUTURE.

Succeeding chapters will give more information concerning accomplishments in the field of budgeting and accounting by the Bureau of Ordnance.

BUDGETINE AND ACCOUNTING AT FIELD ACTIVITIES INDER ITS MANAGEMENT CONTROL. IN ADDITION TO APPOINTMENT OF A CUNEAU COSPTROLLER AND BUILDING ITS SUDGET ALONG PROURLINES, THE URBAU OF CRUNANCE SAC INSTALLED THE AVALLABBILITY IN FOUR FILLS ACTIVITY S WITH PLANS FOR EXTENSION OF THE SAVAL INDUSTRIAL FUND TO OTHER ACTIVITY.

SUCCERDING CLAPTERS WILL GIVE MORE INFORMATION CONCERNING ACCOUNTING BY THE LUBLAU OF REDNANCE.

CHAPTER II

THE BUREAU OF ORDNANCE

Duties and responsibilities -- The Bureau of Ordnance is one of the major technical bureaus of the Department of the Navy. United States Navy Regulations outlines the following duties and responsibilities for the Bureau of Ordnance: 3

THE BUREAU OF ORDNANCE SHALL BE RESPONSIBLE FOR THE FOLLOWING, EXCEPT AS OTHERWISE PRESCRIBED IN THESE REGULATIONS OR BY THE SECRETARY OF THE NAVY:

THE DESIGN, DEVELOPMENT, PROCUREMENT, MANUFAC-TURE, DISTRIBUTION, MAINTENANCE, REPAIR, ALTERATION, AND MATERIAL EFFECTIVENESS OF NAVAL ORDNANCE; THE RESEARCH THEREIN; AND ALL PERTINENT FUNCTIONS RE-LATING THERETO INCLUDING THE CONTROL OF STORAGE AND TERMINAL FACILITIES FOR, AND THE STORAGE AND ISSUE OF, AMMUNITION AND AMMUNITION DETAILS.

EXCEPT AS OTHERWISE PRESCRIBED IN THESE REGULATIONS OR BY THE SECRETARY OF THE NAVY, THE BUREAU OF ORD-NANCE SHALL EXERCISE MANAGEMENT CONTROL OF THOSE COMMANDS AND ORGANIZATIONS ESTABLISHED AS SEPARATE ACTIVITIES OF THE SHORE ESTABLISHMENT WHOSE PRIMARY FUNCTIONS ARE:

- 1. RESEARCH IN AND DESIGN, DEVELOPMENT, MANU-FACTURE, TEST, INSPECTION, ALTERATION, AND OVERHAUL OF NAVAL OFFENSIVE AND DEFENSIVE ORDNANCE, THE COMPONENTS THEREOF, AND THE EQUIPMENTS PERTAINING THERETO.
- 2. Storage and issue of ammunition and ammunition details.

In order to accomplish the many and varied tasks assigned, the Bureau of Ordnance utilizes not only the energies and talents of 320 Naval Officers and 1,352 civilian employees at the seat of government in Washington, but also the efforts of 10,251 military personnel and

United States Navy, <u>United States Navy Regulations</u>, 1948, U.S. Government Printing Office, Washington 1948 p. 43.

THE RUNGLAND OF OLDSELVES

TITLE AND RESPONSESTITETES -- "H. LOULAN OF

ONDMANCE IS OVE OF THE MAJOR TECHNICAL SULAUS OF PRI SEARTHENT OF THE AVY. INTES STATES AVY ESCULATIONS OUTLINES THE COLLOWING DUTLES AND ESCHOLLIALLIANS FOR

THE VIREAU OF ROMANCE:

THE FULLAND OF GREVANCE SHALL F. RESPONDEDLY FOR THE FOLLOWING, SIGNED AS OTHE WISE PRESCRIBED IN THIS LIGHTLY OF THE LAPY:

THE DESIGN, DIVILOPMENT, PROCUIENT MY MANDEACTURE, DISTILIBULIO, CALVERANCE, ELPAIR, ALTERATION AND MATERIAL EFFECTIV NE S O. NAVAL ORDNANCE; THE RISEARCE JHJ IN; AND ALL FRITINGIT ON CTIONS RILLATION THREST TO INCLUTING THE CONTROL O. STORAGE AND TERMINAL JACILITIES FOR, AND THE STORAGE AND ISSUE OF, ANNUAL TON AND AUGUSTION DITAILS.

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OR BY THE SECRETARY OF THE WAYY, THE UREAU OF CADNANCE SHALL EXERCISE FUNCHINT CONTROL OF THOSE
CONYANDS AND ORGA TRAFFORS STALLEHAD AS SPAGAT
ACTIVITIES OF THE CONFISHERS OF WOOSE PLANTY
FUNCTIONS ALE:

1. RESEARCH IN AND DESIGN, DEVELOPMENT, MANU-FACTURE, TEST, INSPECTION, ALTERATION, AND OVERHAGE OF NAVAL OFFENCIPS AND DEFENSIVE CRONANCE. THE COMPONENTS SERVES, AND THE SULPHINES PERTAINING THERETO.

2. STOLAGE AND ESSUE OF AINTHITION AND ALMENT-

IN ONDER TO ACCOUNTED THE MANY AND VARIED TACK.

ASSIGNED, THE EUREAU OF RONA OR UTILITIES NOT ONLY THE

SUFFICIENT OF WU AND VEFTCERS AND 1,332

CIVILIAN INPLOYILS AT THE STATE OF GOVERNMENT IN MASTICAL

UT ALSO THE FFORTS OF 19,201 MILETARY PERSONNEL AND

TUAC, ... UV RIMERT MAN TO THE THE LATY EGILDE

62,824 EMPLOYEES AT 52 MAJOR FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU.

ORGANIZATION AND FUNCTIONS -- THE TOP POLICY MAKING
AND DIRECTION OF THE BUREAU OF ORDNANCE ORGANIZATION ARE

PERFORMED BY THE CHIEF AND DEPUTY CHIEF OF THE BUREAU.

THE CHIEF AND DEPUTY CHIEF ARE ASSISTED BY TWO STAFF

DIVISIONS, TWO MAJOR OPERATING DIVISIONS AND FIVE SERVICE

DIVISIONS IN CARRYING OUT THE MANAGEMENT AND SUPERVISION

OF THE BUREAU AND THE NAVAL ORDNANCE ESTABLISHMENT.

The staff divisions are the Planning and Progress

Division and the Inspector of Naval Ordnance Establishment.

THE OPERATING DIVISIONS ARE THE MATERIAL DIVISION

AND RESEARCH AND DEVELOPMENT DIVISION. APPROXIMATELY

FIFTY PER CENT OF THE BUREAU CIVILIAN PERSONNEL ARE ENGAGED

IN WORK OF THESE TWO DIVISIONS.

THE SERVICE DIVISIONS ARE THE FINANCIAL DIVISION,
THE CONTRACT DIVISION, THE ADMINISTRATIVE DIVISION, THE
QUALITY CONTROL DIVISION AND LEGAL COUNSEL FOR THE BUREAU.

THE DETAILED FUNCTIONS AND RESPONSIBILITIES OF
THE VARIOUS DIVISIONS ARE INDICATED ON THE ORGANIZATION
AND FUNCTIONAL CHART OF THE BUREAU OF ORDNANCE, WHICH
ILLUSTRATION IS SHOWN ON PAGE 9.

62,524 EMPLOYERS AT 52 MAJOR FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE LUREAU.

ORGANIZATION AND FUNCTIONS -- THE TOP POLICY MAAND DIRECTION OF THE UREAU OF ADNANCE ORGANIZATION AND PURPORNED BY THE CHIEF AND DEPUTY CHIEF OF THE MUREAU.

THE CHIEF AND DEPUTY CHIEF ARE ASSISTED BY TWO STAFF DIVISIONS, TWO MAJOR OPERATING DIVISIONS AND FIVE SERVIC DIVISIONS IN CARRYING OUT THE MANAGEMENT AND SUPERVISIONS OF THE PUREAU AND THE NAVAL CRONANCE ESTABLISHMENT.

H. STAFF DIVISIONS ARE THE 'LANNING AND LROGRED'S IVISION AND THE JUSTECTOR OF AVAL CROSANCE ESTALLISHS.

THE OPERATING DIVISIONS ARE THE LATE LAL DIVISION

AND SSEARCH AND SVELOPMENT DIVISION. APPROXIMATELY
FIFTY PER CENT OF THE SUREAU CIVILIAN PERSONNEL ARE ENGIN WORK OF THESE TWO DIVISIONS.

THE SERVICE DIVISIONS ARE THE ILVANCIAL SIVISION THE SONTRACT SIVISION, THE DIVISIRATIVE IVISION, THE VULLITY SOUTHOL SIVISION AND LEAL SOUNSEL FOR THE SURF

THE PARIOUS DIVISIONS ARE INDICATED ON TREE ORGANIZATION

AND FUNCTIONAL CHART OF THE SURLA! OF CRONANCE, WRICH

ILLUSTRATION IS SHOWN ON PAGE V.

Notes ${1\!\!\!/}$ Conducts inspections, aurveys, and investigations concerning sffeciency, safety prectices, industrial safety and hygiens, and adherence to directives; recommenda eppropriete corrective

2/ Provides all legel edvice and services to the Bureau in con nection with eli matters pertaining to business or commercial lew (except pstante) end coordinatea all legal mattera (axcept petente) concerning the eccomplishment of the Bureau's mission. This includes, but is not limited to, the legal sepects of procurement policies and procedures, end all legsl mettera relating to procurement, contract termination, property disposition, renegotiation and claims.

BUREAU OF ORDNANCE

CHIEF OF BUREAU DEPUTY & ASSISTANT CHIEF

CODE A CODE B

IS RESPONSIBLE TO THE SECRETARY OF THE NAVY FOR THE ACTIVE PLANNING, DI-RECTION, COORDINATION, AND CONTROL OF THE BUREAU AND ITS FIELD STATIONS WITHIN THE SCOPE OF THE FUNCTIONS ESTABLISHED AND AUTHORITY DELEGATED IN NAVY REGULATIONS.

MANAGEMENT COUNCIL

CONSIDERS NEED FOR AND RECOMMENDS CHANGES IN POLICY, SYSTEMS OF CONTROL, AND OTHER MATTERS OF A GENERAL MANAGEMENT NATURE; DISCUSSES AND COORDINATES MANAGE-MENT PLANS, POLICIES AND OBJECTIVES; PRESENTS DIVISIONAL POINTS OF VIEW ON BROAD MANAGEMENT PROBLEMS.

SPECIAL ASSISTANTS

INSPECTOR OF NAVAL ORDNANCE ESTABLISHMENTS

CODE In

Performs functions indicated in Note 1/

See Chart No. 33.1

COUNSEL FOR THE BUREAU

CODE Le

Performs functions indicated in Note 2/

See Chart Io. 33.2

ADMINISTRATIVE DIVISION

OIVISION DIRECTOR

CODE Ad See Chart No. 33A

PRDVIDES OFFICE SERVICES, MILI-TARY AND CIVILIAN PERSONNEL SERVICES, MANAGEMENT SERVICES, AND TECHNICAL LIBRARY SERVICES; BUDGETS FOR ADMINISTRATIVE EX-PENSES: ADMINISTERS SECURITY REGULATIONS AND THE PRINTING, EDITING, AND DISTRIBUTION OF PUBLICATIONS.

FINANCIAL DIVISION

CDDE Fi COMPTROLLER AND DIVISION DIRECTOR See Chart No. 33B

ADMINISTERS THE PREPARATION OF THE BUREAU'S BUDGET; ALLO-CATES AND MAINTAINS ACCOUNTING RECORDS FOR APPROPRIATED FUNDS; RECOMMENDS AND COORDINATES WITH HIGHER AUTHORITY REVI-SIONS TO THE BUDGET, REALLO-CATION OF FUNDS, AND EXPENDI-TURE OF SURPLUSES; REVIEWS AND APPROVES, WHERE APPROPRIATE, ALL TRANSACTIONS INVOLVING THE EXPENDITURE OF FUNDS; COORDI-NATES FINANCIAL AND FISCAL MATTERS AND DEVELOPS BUDGET AND ACCOUNTING SYSTEMS FOR THE ORDNANCE STATIONS.

PLANNING AND PROGRESS DIVISION

ASSISTANT CHIEF OF BUREAU ANO DIVISION DIRECTOR See Chart No. 33C

DEVELOPS, PROMULGATES, AND CO-ORDINATES LOGISTIC AND MOBILI-ZATION PLANNING IN CONFORMANCE WITH DIRECTIVES FROM HIGHER AUTHORITY; FORMULATES POLICY AND ISSUES DIRECTIVES TO AND COORDINATES BETWEEN COGNIZANT DIVISIONS ON SUBSTANTIVE PRO-GRAMS; REPORTS PROGRESS AS COMPARED WITH REQUIREMENTS OF RESPECTIVE MATERIAL PROGRAMS; REVIEWS AND ADVISES REGARDING FINANCIAL AND BUDGETARY PLAN-NING, REALLOCATION OF FUNDS, AND EXPENDITURE OF SURPLUSES; COORDINATES MILITARY AID PRO-GRAM WITH FOREIGN GOVERNMENTS.

QUALITY CONTROL DIVISION

DIVISION DIRECTOR

CODE Oc See Chart No. 33D

INITIATES, PROMULGATES, AND ADMINISTERS POLI-CIES, PROCEDURES, AND SERVICES CONCERNING THE EVALUATION AND CONTROL OF QUALITY OF ALL NAVAL ORDNANCE; PROVIDES FOR THE ESTAB-LISHMENT AND ADMINISTRATION OF QUALITY EVALUATION LABORATORIES AND FOR TECHNICAL DIRECTION OF THE ENTIRE ORDNANCE INSPECTION PROGRAM; INSURES THE STATISTICAL ADEQUACY OF TESTS FOR DESIGN, PRODUCTION, AND SURVEILLANCE.

CONTRACT DIVISION

DIVISION DIRECTOR

CODE Co See Chart No. 33E

OPERATES AS A CENTRAL CONTRACTING OFFICE TO CONDUCT NEGOTIATIONS, ARRANGE FINANCES, AD-VERTISE FOR BIDS, AWARD AND AMEND CONTRACTS, AND SUPERVISE TERMINATIONS; ASSISTS IN THE FINANCING OF CONTRACTORS THROUGH GUARANTEED AND DIRECT LOANS AND ADVANCES PAYMENTS.

NAVAL ORDNANCE ESTABLISHMENTS DIVISION

ASSISTANT CHIEF DF BUREAU AND DIVISION OIRECTOR

COOE Es See Chart No. 33F

AOMINISTERS ALL MATTERS PERTAINING TO THE MAINTENANCE OF NAVAL ORONANCE ESTABLISHMENTS INCLUOING REQUIREMENTS FOR SERVICE, FACILITIES, PERSONNEL, ANO INDUSTRIAL RELATIONS; COORDINATES ALL MATTERS CONCERNING MANAGEMENT, OPERATION, AND ADMINISTRATION OF THESE STATIONS.

MATERIAL DIVISION

ASSISTANT CHIEF OF BUREAU AND DIVISION OIRECTOR

CO OF Ma See Chart No. 33G

DIRECTS THE PROCUREMENT, DISTRIBUTION, MAINTENANCE, REPAIR, ALTERATIONS, RE-PLACEMENT. AND INVENTORY CONTROL OF ALL NAVAL ORONANCE, INCLUDING SPARES, AFLOAT AND ASHORE; PROVIDES FOR THE PRODUCTION, DISTRIBUTION, ISSUE, ACCOUNTING, MAINTENANCE, STOWAGE, SAFETY, HANOLING, AND SURVEILLANCE OF ALL TYPES OF AMMUNITION AND EX-PLOSIVES; PROVICES FOR THE PREPARA-TION OF MANUALS FOR OPERATION AND MAINTENANCE INSTRUCTION.

RESEARCH AND DEVELOPMENT DIVISION

ASSISTANT CHIEF DE BUREAU AND DIVISION DIRECTOR

COOE Re See Chart No. 33#

DIRECTS AND IMPLEMENTS RESEARCH, DE-SIGN, DEVELOPMENT, AND EXPERIMENTAL PROJECTS FOR THE BUREAU WITHIN ITS PROGRAMS, INCLUDING WORK ASSIGNED TO ITS ACTIVITIES AND LABORATORIES, PRIVATE CONTRACTORS, AND UNIVERSITIES, AND COORDINATES WORK CONOUCTED BY OTHER GOVERNMENT AGENCIES FOR THE BUREAU.

DATE: 2 APRIL 1953

APPROVED:

SECRETARY OF THE NAVY

BUREAU OF ORDNANCE

CHART NO. 33



The Comptroller and Financial Division -- The Comptroller of the Bureau of Ordnance is also the Director of the Financial Division. The present Comptroller is Mr. G. O. Pehrson. The Deputy Comptroller is Mr. E. S. Tilley. The Bureau of Ordnance is the only bureau of the Navy Department which has a civilian comptroller. Mr. Pehrson has held this position since 1951.

THE FINANCIAL DIVISION PROVIDES BUDGETARY AND

FISCAL SERVICE FOR THE BUREAU ON ALL MATTERS WHICH INVOLVE

THE PLANNING FOR AND THE EXPENDITURE OF FUNDS. ALSO, THE

FOLLOWING DUTIES AND RESPONSIBILITIES HAVE BEEN ASSIGNED

TO THE FINANCIAL DIVISION:

- 1. To administer the preparation of the Bureau's budget.
- 2. To allocate and maintain accounting records
- 3. To recommend and coordinate with higher authority revisions to the budget, reallocation of funds, and
 expenditure of surpluses.
- 4. To revise and approve, where appropriate, all transactions involving the expenditure of funds.

THE SOUPTROLLER AND SINCE SIVE STREET THE DIRECT COMPTROLLER OF THE THE OF CROWNING IS ALSO THE DIRECT OF SELVENCIAE STREET SOUPTROLLER IS THE OUTTOOLLER IS THE OUTTOOLLER. IS THE FURLAR OF THE OUTTOOLLER. IS THE OUTTOOLLER. IS THE OUTTOOLLER. IS THE OUTTOOLLER. IN THE OUTTOOLLER. THE

THE FINA CLAL SUREAU ON ALL MATTERS WICH INVOLUTE PLANTING FOR THE SUREAU ON ALL MATTERS WILCH INVOLUTE PLANTING FOR AND THE SXPUNDITURE OF FUNDS. ALSO, THE FOLLOWING SUFFES AND RESPONSIBILITIES HAVE SEEN ASSIGNED TO THE TRANCIAL TURSION:

- 1. To administer the propagation of the Torgan's burget.
- 2. TO ALLGOATE AND WALVEAIN ACCOUNTING RECOIDS FOR APERDELATED FUNDS.
- 5. To recommend and collothals vite hisder anti ity andistric to the budget, reallocation of finds, and explications of suraluses.
- TRANSAUTIONS INFOLVING THE EXPROPERIES OF FUNDS.

- 5. To COORDINATE FINANCIAL AND FISCAL MATTERS.
- 6. To develop budget and accounting systems for the ordnance stations.

To accomplish the above, the Financial Division is organized into four branches: the Fiscal Systems Branch, the Administrative and Accounting Branch, the Budget and Estimates Branch and the Inter-agency Operations Branch.

The functions of these branches are given in the illustration on page 12.

The budget -- By the Department of Defense Appropriations Act of 1954, the following appropriations and monies were made available to the Bureau of Ordnance for obligation or expenditure during fiscal year 1954:

APPROPRIATIONS	TYPE OF APPROPRIATIONS	Amount
ORDNANCE AND FACILITIES, NAVY	ANNUAL	\$804,000,000
ORDNANCE NEW CONSTRUCTION (FOR LIQUIDATION OF CONTRACT AUTHORIZATION)	CONTINUING	10,000,000
SHIPBUILDING AND CONSTRUCTION, NAVY (ORDNANCE SUBHEAD)	- Continuing	64,000,000
AIRCRAFT AND RELATED PRO- CUREMENT (ORDNANCE SUBHEAD	CONTINUING	51,000,000

⁴Public Law 179, 83rd Congress

- 5. O COORDINAL FINANCIAL AND FISCAL MART RS.
- O DEVELOP BU GET AN ACCOUNTLE SYSTEMS FO

THE OR INALCE STATIONS.

TO ACCOMPLISH THE ABOVE, THE "INANCIAL SIVISION IS ONGALIZED ANTO FORE ERANCHES: THE SISCAL SYSTEMS ERANCED AND STIMATES DRANCH AND THE STIMATES DRANCH AND THE SHANCHES AND SIVEN IN THE LILIUSTE TROUBLES OF TAGE 12.

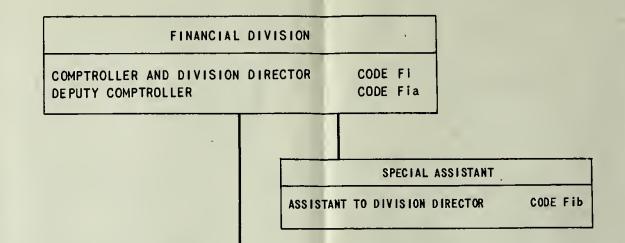
THE BUDGET -- IN THE SPARTMENT OF SERVISE PROCESSATIONS AND CONTEST HADE APARTMENT APPROPRIATIONS AND CONTEST HADE APARTMENT OF CRONANCE FOR OPLICATION OR CIPEN THURS DURING FISCAL YEAR 1954:

TO GYT

MOUNT	PPROPRIATIONS	LOPROOK LATIONS
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10,000,	SNTANT LNO	RDNANC RW CONSTRUCTION OF CONTRACT AUTION OF
04,000,0	- Continuing	JPIP VILD ING A 12 CONSTRUCTION, AFY (URL VAJC.)
52,070,0	JOHFE TUKNO	TROUNT AND LILATED FRO-

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CUREMINT (GROWALCE SUBHEAD)



FISCAL SYSTEMS BRANCH

BRANCH HEAD

CODE Fil

See Chart No. 22B1

ORGANIZES AND CONDUCTS INTERNAL AUDITS AND SUR-VEYS OF FISCAL PROCEOURES IN THE BUREAU OF ORDNANCE, AT NAVAL ORDNANCE ESTABLISHMENTS AND INSOFAR AS ORDNANCE FUNDS ARE CONCERNED, AT OTHER STATIONS.

ACTS AS CONSULTANT AND ADVISOR, WHILE CONDUCTING INTERNAL AUDITS AND SURVEYS TO KEY PERSONNEL (MILITARY AND CIVILIAN), DN FISCAL MATTERS.

- OEVISES, DEVELOPS, ESTABLISHES AND IMPLEMENTS METHODS OF PREPARING STATION BUDGETS AND ACTS AS ADVISOR TO KEY FIELD PERSONNEL CON-CERNING SUBMISSION OF THE BUDGETS TO THE BUREAU OF ORDNANCE.
- ACTS AS SPECIAL ADVISOR ON FIELD FISCAL PROB-LEMS TO COMPTROLLER OF THE BUREAU OF ORDNANCE AND TO PERSONNEL IN OTHER OIVISIONS OF THE BUREAU.
- DEVISES, OEVELOPS, AND OIRECTS INSTALLATION OF COMMERCIAL-TYPE FINANCIAL PROCEOURES AT FIELO STATIONS.
- PREPARES MANUALS, HANOBOOKS AND OTHER DIRECTIVES PERTAINING TO FIELD ACCOUNTING PROCEOURES.
- OESIGNS REGULAR AND SPECIAL FINANCIAL REPORTS FOR USE AT FIELO STATIONS AND IN THE BUREAU OF ORDNANCE.
- ANALYZES FINANCIAL STATEMENTS SUBMITTED BY ORD-NANCE ESTABLISHMENTS, INCLUOING THOSE OPER-ATING UNDER COMMERCIAL-TYPE FINANCING PROCEOURES.
- OEVISES AND DEVELOPS COST ACCOUNTING PROCEOURES ANO DIRECTS INSTALLATION THEREOF AT ORONANCE ESTABLISHMENTS.
- OESIGNS AND DIRECTS INSTALLATION OF FISCAL PRO-CEDURES USED WITHIN DIVISIONS OF THE BUREAU OF ORONANCE.
- REVIEWS ORGANIZATION AND OPERATION OF FISCAL OEPARTMENTS AT FIELO STATIONS.
- PERFORMS SPECIAL STUDIES AND ANALYSIS OF BUREAU AND FIELD LEVEL FINANCIAL PROBLEMS.
- ENSURES THAT FISCAL SYSTEMS ARE SO DESIGNEO AS TO PROVICE CIRECT AND POSITIVE SUPPORT OF THE BUREAU'S BUOGET PLANNING.
- MAINTAINS LIAISON ON FINANCIAL MATTERS WITH PERSONNEL (MILITARY AND CIVILIAN) AT NAVY COMPTROLLER LEVEL, AS WELL AS INTRA-BUREAU AND INTER-BUREAU.

ADMINISTRATION AND ACCOUNTING BRANCH

BRANCH HEAD

CODE Fi2

See Chart No. 33B2

MAINTAINS, FOR ALL FUNDS UNDER THE CONTROL OF THE BUREAU OF ORDNANCE, THE OFFICIAL APPRO-PRIATION, OBLIGATION, EXPENDITURE AND COST ACCOUNTS.

MAINTAINS APPROPRIATE ACCOUNTS TO PROVIDE AOE-QUATE MANAGEMENT CONTROL OF FUNDS.

REVIEWS ACTS OF THE BUREAU AND PROPOSED ACTS FOR COMPLIANCE WITH LEGAL, EXECUTIVE AND DE-PARTMENTAL REQUIREMENTS REGARDING THE ACCOUNTING, OBLIGATING AND EXPENDITURE OF FUNDS.

OEVELOPS AND PRESCRIBES PROCEDURES FOR ISSUANCE OF PROJECT ORDERS AND ALLOTMENTS.

- ISSUES PROJECT OROERS AND ALLOTMENTS TO FIELD ACTIVITIES AND REVIEWS BUREAU PROCUREMENT DOCUMENTS FOR COMPLIANCE WITH ACCOUNTING AND FISCAL POLICIES AND LEGAL LIMITATIONS.
- IS RESPONSIBLE FOR THE FINANCIAL ADMINISTRATION OF BUREAU CONTRACTS.
- PERFORMS INTERNAL AUDITS AND SPECIAL DEPART-MENTAL AUDITS AS REQUIRED.
- PREPARES SPECIAL REPORTS AS REQUIREO BY AUTHORI-TIES OUTSIDE OF THE BUREAU.
- ISSUES STATEMENTS INDICATING THE BUREAU'S FINAN-CIAL POSITION.
- RECORDS ORONANCE CONSTRUCTION COSTS OF SHIPS. REVIEWS THE RATE OF OBLIGATION OF APPROPRIATIONS TO INSURE UTILIZATION OF APPORTIONMENTS.

BUDGET AND ESTIMATES BRANCH

BRANCH HEAD

CODE Fi3 See Chart No. 33B3

REVIEWS, ANALYZES AND APPROVES RAW DATA FOR IN-CLUSION IN BUDGET ESTIMATES FOR ANNUAL AND CONTINUING FISCAL PROGRAMS; CO-ORDINATES AND PRESCRIBES THE BUREAU'S ACTIVITIES IN THE COLLECTION, FORMAT AND PRESENTATION OF BUDGET OATA.

MAKES POLICY RECOMMENDATIONS ON BUDGETARY MATTERS TO THE BUREAU COMPTROLLER. RECOM-MENDS APPORTIONMENT AND DISTRIBUTION OF ALL FUNDS MADE AVAILABLE TO THE BUREAU.

REVIEWS DIVISION ESTIMATES AND JUSTIFICATION TO INSURE COMPLIANCE WITH POLICY AND PLANNING OBJECTIVES OF THE BUREAU, THE NAVY DEPART-MENT AND THE OFFENSE BUOGET ADVISORY COMMITTEE.

REVIEWS, ANALYZES AND CO-ORDINATES SUPPORTING SCHEOULES AND DATA PREPARED BY RESPONSIBLE OIVISIONS FOR USE BY BUDGET WITNESSES IN PRESENTING THE BUREAU'S BUOGET TO VARIOUS LEVELS OF REVIEW.

MAINTAINS BUOGETARY CONTROLS OVER APPORTIONMENTS, FISCAL PROGRAMS, AND APPROPRIATION LIMITA-TIONS FOR ALL APPROPRIATIONS AND SPECIAL FUNO ACCOUNTS.

MAINTAINS LIAISON WITH THE OFFICE OF THE NAVY COMPTROLLER, OFFICE OF THE SECRETARY OF OFFENSE AND THE BUREAU OF THE BUOGET.

INTER-AGENCY OPERATIONS BRANCH

BRANCH HEAD

CODE Fi4 See Chart No. 33B4

DEVISES, DEVELOPS AND ESTABLISHES NEW AND RE-VISED FISCAL PROCEDURES PERTAINING TO FINANCIAL TRANSACTIONS WITH AGENCIES OUT-SIDE THE BUREAU.

DEVISES AND IMPLEMENTS FINANCIAL REPORTING CON-TROLS FOR THE ADMINISTRATION OF OTHER AGENCIES' FUNDS AT SHORE ESTABLISHMENTS AND THE REPORTING THEREOF FOR MANAGEMENT AND BUDGETARY PURPOSES.

ACTS AS SPECIAL ADVISOR TO THE COMPTROLLER AND OTHER KEY PERSONNEL OF THE BUREAU ON MATTERS PERTAINING TO INTER-AGENCY FUNDING OPERATIONS.

- RECOMMENDS AND ADVISES ON POLICY TO BE ESTAB-LISHED BY THE BUREAU IN CONNECTION WITH FINANCIAL ARRANGEMENTS CONSUMMATED WITH OTHER AGENCIES.
- OESIGNS FINANCIAL SCHEOULES SUCH AS STATUS RE-PORTS AND REIMBURSEMENT REPORTS PERTAINING TO FINANCIAL TRANSACTIONS WITH AGENCIES OUTSIDE THE BUREAU FOR USE BY THE BUREAU AND OTHER AGENCIES.
- OEVELOPS ACCOUNTING INSTRUCTIONS FOR BUREAU AND FIELD USE IN CONNECTION WITH THE IMPLE-MENTATION OF INTER-AGENCY OROERING PROCEOURES.
- MAINTAINS APPROPRIATE ACCOUNTS TO PROVIOE AOE-QUATE MANAGEMENT CONTROL OF OTHER AGENCIES! FUNOS.
- DEVISES AND DEVELOPS METHODS TO EFFECT REIMBURSE-MENT OR PAYMENT OF FUNOS THROUGH THE SALE OF MATERIAL OR SERVICES BY THE BUREAU.
- CO-ORDINATES FINANCIAL PRACTICE WITHIN THE BUREAU IN CONNECTION WITH INTER-AGENCY OROERS ANO FUNDING.
- MAINTAINS LIAISON ON INTER-AGENCY FINANCIAL OPER-ATIONS WITH OFFICE OF NAVY COMPTROLLER, OF-FICE OF ARMY COMPTROLLER, OFFICE OF AIR FORCE COMPTROLLER, AND OFFICES OF COMPTROLLERS OF OTHER AGENCIES.

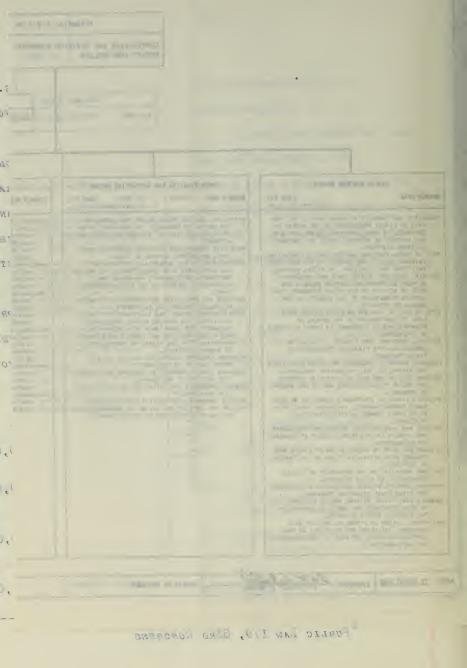
DATE: 27 AUGUST 1953

APPROVED:

BUREAU OF ORDNANCE

FINANCIAL DIVISION

CHART NO. 33B



TYPE OF
APPROPRIATIONS APPROPRIATIONS

AMOUNT

PREPARATION FOR SALE AND) SPECIAL ACCOUNT \$ 5,000,000 SALVAGE OF MILITARY PROPERTY. NAVY

By far the major appropriation administered by the Bureau of Ordnance is Ordnance and Facilities, Navy. Although \$804,000,000 was appropriated for fiscal year 1954, there will actually be available for obligation approximately \$868,578,000. This is due to anticipated reimbursements of about \$59,706,000 plus transfer of about \$4,872,000. Most of the reimbursements will be credited from Mutual Defense Assistance Preparedness program for ordnance materials transferred to foreign nations under this program. The total obligations under Ordnance and Facilities, Navy were \$1,333,326,000 for fiscal year 1952 and the estimated obligations for fiscal year 1953 were \$797,207,800.

The appropriation, Ordnance and Facilities, Navy 1954, is broken down into eight major program activities for budget formulation and execution as follows: 5

1. PROCUREMENT OF ORDNANCE AND AMMUNITION (\$501,741,000. - 61.3% OF TOTAL). THESE FUNDS ARE FOR PROCUREMENT OF ORDNANCE AND AMMUNITION TO SUPPORT THE OBJECTIVES OF THE DEFENSE PROGRAM IN FISCAL YEAR

Bureau of Ordnance, Budget For Fiscal Year 1954, Appropriation Title, Ordnance and Facilities, Navy.

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CREPALATION ON SALE AND DESCLAL ..CCOUNT , SOUL, SUSTAINED OF SELECTARY APP.

THUCKE

Y FAR THE MAJOR AFERDPEIATION ADMINISTERED BY TO THE AU OF INDIANCE IS UNDWARDS AND SACILITIES, MAY. AL THOUGH &CO4,000,000 was appropriated for pertuation approximately for the vibration approximately for the vibration approximately for a situation approximately for a situation approximately for a situation for a situation for a situation for a situation of a situation for the reinference with the contrast for the reinference for the formation in the situation of the contrast for the contrast of the contrast of the estimately for all the contrast of t

THE APPROPRIATION, TO NANCE ASSESSED LITTLES, LAFY 1994, IS TRUKEN DOWN INTO SIGHT MAJOR PROFILM ACTIVITIES FOR SUIT FORMULATIONS AND EXECUTION AS FOLLOWS:

1. ROSUR MITT OF GROWANG AIL MMUNITION
(.001,741,000. - 61.5, OF TOTAL). THISE FUNDS ALE
FOR PROCUREILLY & ORDIANGE AND AMMUTTION O SUPPORT
THE OLD CITY: OF THE FIRST NOGERM IN SICKLY YEAR

DREATED CONSIGN TOOS ON CLIEBE AND 1804 PROPRIATION LITTLE, RD AVER AND ACLIEBES, APX.

1954, INCLUDING SUPPORT TO THE OPERATIONAL REQUIRE-MENTS OF THE APPROVED NAVAL FORCES AND, IN GENERAL, A STATUS OF READINESS TO FULFILL MOBILIZATION RE-QUIREMENTS.

2. MAINTENANCE OF ORDWANCE AND AMMUNITION (\$91,271,000. - 11.2% of total). These funds are for the maintenance and improvement of ordnance and ammunition necessary to obtain the required degree of material readiness, in order that Naval Forces will be prepared to engage in combat operations promptly and with maximum effectiveness.

3. Maintenance and Operation of Facilities (\$51,187,000. - 6.3% of total). These funds are for the maintenance and operation of the ordnance shore establishments in fiscal year 1954, including costs for implementation of the Federal Catalog Utilization

PROGRAM.

4. Improvements and Alterations to Facilities (\$22,235,000. - 2.7% of total). These funds are for improvements and alterations to ordnance shore facilities in fiscal year 1954, including procurement of equipment to fill allowances and to implement the Bureau of the Budget approved program for orderly replacement of average and obsolete equipment.

5. Naval Reserve (\$1,216,000 - .1% of total). These funds are for ordnance requirements for the

NAVAL RESERVE PROGRAM.

6. Research and Development (\$126,000,000 - 17.1% of total). These funds are for projects included in the Bureau of Ordnance fiscal year 1954 research and development program, which are integrated parts of the overall Navy total program.

7. INDUSTRIAL MOBILIZATION (\$2,370,000 - .3% OF TOTAL). THESE FUNDS ARE FOR THE INDUSTRIAL MOBIL-

IZATION PROGRAM IN FISCAL YEAR 1954.

8. Departmental Administration (\$7,980,000 - 1.0% of total). These funds are for departmental administration of the Bureau of Ordnance.

EACH OF THE ABOVE BUDGET ACTIVITIES ARE ADMINISTERED

AND ACCOUNTED FOR BY SEPARATE SUBHEADS UNDER THE APPROPRIA-

1959, INCLUDING SUPPORT TO THE OPERATIONAL DECURRE-NEWTS OF THE APPROVED MAYAL ORCES AND, IN JET MAL, A STATUS OF MIADINESS TO FULFILL MOBILIZATION RE-CUIRE'S NTS.

2. LAINT TANGE OF MEDIANCE AND AMMUNITION (,21,271,000. - 11.2% OF TOTAL). THESE FUNDS ARE FOR THE MAINTENANCE AND LUPPOVENTUT OF ORDNANCE AND AM UNITION NEC SCAR! TO OSCAIN THE R OUTRED DECREE OF MATERIAL READINESS, IN ORDER THAT MAYAL LORGES WILL BE PRECARED TO CHORGE IN COMEAT OPERATIONS PROUPTLY AV WILL MAXIMUM BEN CTIVENESS.

3. AINTE ANCE AND DESIATION OF ACILITIES

(\$51,167,000. - 8.35 OF TOTAL). ISESE FUNDS ARE FOR THE MAINTEI ANC. ALL OF RATION OF THE ORDNANCE SHORE ESTAPLISHMENTS IN FISCAL YEAR 1954, INCLUDING COSTS FOR INPLEM NIATION OF THE FEDERAL CAPSION (TILIZATION

4. INPROVENCE AND ALTERATIONS TO FACILITIES (SE, 255,000. - 2.7 OF TOTAL). THESE FUNDS ARE FUR KITCHTHENTS AND ALTERNATIONS TO ORDNAMOT SHORE FACILITIES IN FISCAL Y.AR 1954, INCLUDING PROCURENZNT OF CHIPHENT TO FILL ALLOWANCES AND TO I.L. L. HENT THE TUREAU OF THE UIGET APPROVED PROGRAM FOR DRUEALY RELLACINEVT O AVERAGE A D OLICLETE SQUIPHLNT.

2. LAVAL SETRVE (.1,218,000 - .1. OF TOTAL. THES FINDS ALE FOR ORDEANCE REGULARIENTS FOR THE

AVAL SSERVE 30 BAM.

T. LEELANCH AND LIVELOPMENT , 4125,000,000 -17.1 OF TOTAL). JUES FUNDS A.E FOR PROJECTS INCLUD IN THE CURLAR OF URDENNEE ISCAL YEAR 1304 RESEARCH AND DEV LOPHENT PLOSIAN, WHICH ARE INTERNALD PARTS O THE OVERALL MAVY TOTAL PHOGRAM.

7. INDUSTRIAL LORILIZATION (42.370.000 - .3. OF TOTAL). THESE FENDS ASS FOR THE INDUSTRIAL MOEST-IZATION PROPRAT IN FISCAL Y AS 1954.

J. DEPART ATAL OMINISTRATION (EL. J. O. OU) -1.0 OF TOTAL). THISE FUNDS ARE FOR DEPARTMENTAL

ADMINISTRATION OF THE 'URRAU OF CRONANCE.

ACH OF THE A OVE BULLY ACTIVITIES ARE ADMITISTED

AVE ACCOUNTED FOR IY SEPARATE SUBHEADS UNDER THE APPROVE

TION SO THAT ALL OBLIGATIONS AND EXPENDITURES ARE IDENTIFIED

AND REPORTED BY THE BUREAU PROGRAM.

THE DIVISION OF THE BUREAU HAVING COGNIZANCE OF
THE VARIOUS BUDGET ACTIVITIES AND THE PROGRAMS ASSIGNED
ARE AS FOLLOWS:

	BUDGET ACTIVITY	SUBHEAD	COGNIZANCE
1.	PROCUREMENT OF ORDNANCE AND AMMUNITION	.33	MATERIAL DIVISION
2.	MAINTENANCE OF ORDNANCE AND AMMUNITION	.28	MATERIAL DIVISION
3.	MAINTENANCE AND OPERA- TION OF FACILITIES	.11	Shore Establishments Division
4.	IMPROVEMENTS AND ALTER- ATIONS TO FACILITIES	.32	Shore Establishments Division
5.	NAVAL RESERVE	.12	MATERIAL DIVISION
6.	RESEARCH AND DEVELOPMENT	.10	RESEARCH AND DEVELOP- MENT DIVISION
7.	INDUSTRIAL MOBILIZATION	.13	MATERIAL DIVISION
8.	DEPARTMENTAL ADMINISTRA- TION	.15	Administrative Division

FOR THE ACCOMPLISHMENTS OF PROGRAM OBJECTIVES UNDER THE ORDNANCE AND FACILITIES NAVY APPROPRIATION, THE LARGEST PORTIONS OF THE BUREAU'S FUNDS ARE UNDER THE COGNIZANCE OF THE TWO MAJOR OPERATING DIVISIONS, THE MATERIAL DIVISION AND THE RESEARCH AND DEVELOPMENT DIVISION.

TION SO THAT ALL OBLITATION AND TRUNCES ARE INSULTAND AND REPORTED IN THE IUNIAU PROGRAM.

THE DIVISION OF THE FUREAU HAVING COGNIZANCE OF THE VARIOUS BUDGET ACTIVITIES AND THE PROGRAMS ASSIGNED ARE AS FOLLOWS:

JOGNIZANCE	SUBHEAD	DOGST CTIVILY	
ATTRIAL ITVISTON	.53	FROCURTHENT OF GENERALDS	1.
ATELL DIVISIO!	58.	MALPTENANC OF GROVANCE AND LINUNGTEON	• 🚨
OHO LETARLISHMLV LVESION		MAINTENANCE AND PERA- TION OF ACILITIES	• 3
STORE STAPLISHM W SIVISLOW		IMPROVEM NTS AND LLT R- ATTOMS TO ACTLITIES	4.
CATERIAL JIVISION	. 12	AVAL VES RVE	ō.
MESSARCH AND CVED MINT SIVISION		GSSZARCH AND SEVELOPMENT	6.
ATLIXAL TVASZON	. 13	INDUSTRIALOPILIZATION	7.
AD YIN ISTRATIVE UIVESION		JEPANTHENNAL ADMINISTRA- TLON	.5

FOR THE ACCOMPLISANTHES OF PROGRAM OBJECTIVES OF THE CROHANCE AND ACILITIES NAVY APPROPRIATION, THE LABOR OF THE UNCLASS ARE UNDER THE COGNIZATES OF THE THE COGNIZATES OF THE THE COGNIZATES OF THE THE COGNIZATES OF THE LESSANCE AND LETTEDOUS THE LESSANCE AND LETTEDOUS STORESTORE.

IT IS, THEREFORE, THE RESPONSIBILITY OF THESE

DIVISIONS TOGETHER WITH THE PLANNING DIVISION TO DETERMINE

IF THE OBJECTIVES OF THE PROGRAM CAN BEST BE ACCOMPLISHED

BY BUREAU OF ORDNANCE FIELD ACTIVITIES OR BY CONTRACT WITH

INDUSTRY OUTSIDE THE NAVY. IF THE WORK TO BE ACCOMPLISHED

IS WITHIN THE CAPACITY OF THE FIELD ACTIVITIES, IN GENERAL,

THE BUREAU WILL ASSIGN THE WORK TO A FIELD ACTIVITY CAPABLE

OF PERFORMING THE ASSIGNED TASKS. HOWEVER, IN MANY CASES,

QUALIFIED AND SUFFICIENT PERSONNEL ARE NOT AVAILABLE, SUCH

AS SUFFICIENT ENGINEERS FOR A RESEARCH TASK, OR PRODUCTION

FACILITIES OR PERSONNEL ARE INADEQUATE FOR A SPECIALIZED

ORDNANCE REQUIREMENT. THEN IT IS NECESSARY TO LET A CON-

IN THESE CASES THE MATERIAL DIVISION AND THE RESEARCH
AND DEVELOPMENT DIVISION MUST DECIDE WHAT TASKS CAN BE
HANDLED BY THE FIELD ACTIVITIES AND WHAT TASKS WILL BE
ACCOMPLISHED BY CONTRACT.

DURING FISCAL YEAR 1953 APPROXIMATELY 40% OF THE APPROPRIATION ORDNANCE AND FACILITIES, NAVY, WEREGRANTED TO THE BUREAU OF ORDNANCE FIELD ACTIVITIES BY ALLOTMENTS AND PROJECT ORDERS TO ACCOMPLISH TASKS AS DIRECTED BY THE BUREAU. Approximately 60% of the appropriation were obligated by contracts with private industry, universities,

IT IS, THEORY, AND ADDROUGH OF THE OF THIS DIVISION TO ANTER A.

IF THE O'D CTIVES OF THE PROTRAM CAN BELT HE ACCOMPLISHED BY HURLAU OF LADVANCE FIELD ACTIVITIES OR AY CONTRACT WE AND USE HE SOLVE OF THE AVY. IF THE WORK TO BE ACCOMPLISHED AS WITHIN THE CAPACITY OF THE FILL ACTIVITIES, IN GIVEN THE FURNAU WILL ASSIGN THE CORNER OF A SILLO CTIVITY CAPACITY OF PERFORMING THE ASSIGN OF TAGES. SOWNEL ASSIGN OR PARILLALL, SUCCESSION OF PERFORMING THE ASSIGN OF ASSIGNANCE ASSIGNATION AS SUFFICILLY OR PRODUCTAGES AND ASSIGNANCE TACK, OR PRODUCTAGES ASSIGNANCE TACK, OR PRODUCTAGES ASSIGNANCE TACK, OR PRODUCTAGES ACCILITIES OF PRODUCTAGES AND ASSIGNANCE TACK, OR PRODUCTAGES

IN THE SE CASSE THE ATERIAL INCLUM AND THE LAS AND THE LAS AND EVELOPEENT LIVISION MUST DECIDE WHAT LASKS CAN IS HAVD LED BY THE FIFTH ACCOMPLISHED BY CONTRACT.

ORD VALUE ARGUINEMENT. THIN IT IS HEC ELARY TO LIT A CON-

THACT FOR PURFORMATCH OF THE SECULISIO THER.

VIRING SICCAL YEAR 1255 APPROLITABLY 40. OF THE APPROPRIATION ORDINANCE FILED ACTIVITIES BY ALLOTHENTS DAY, WERE CHANTS DE THE BURSAU OF ULBANCE FILED ACTIVITIES BY ALLOTHENTS AND THOUGHT ORDINES TO COCOMPLICE TASKS AS DIRECTED BY THE EUR AU. APPROXIMATELY OUT OF THE APROPRIATION SHEET OF THE APPROXIMATELY OF THE APROPRIATION SHEET

AND OTHER GOVERNMENT DEPARTMENTS, PRIMARILY FOR PRODUCTION

AND RESEARCH-TYPE TASKS.

THEREFORE, THE FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE ARE AN IMPORTANT
ROLE IN HELPING THE BUREAU MEET THE OBJECTIVES OF THE
VARIOUS PROGRAMS.

AVE OTHER TO THE TANKS.

AND RECEASED TANKS.

THE FOLLY TO SET THE MANAGE AND UNITED THE MANAGE MENT CONTROL OF THE STAND OF THE OUTSCTIPES OF THE VARIOUS PROGRAMS.

CHAPTER III FIELD ACTIVITIES OF THE BUREAU OF ORDNANCE

MAGNITUDE AND FINANCIAL INVESTMENT -- THE BUREAU
OF ORDNANCE HAS MANAGEMENT CONTROL OF 17 NAVAL AMMUNITION
DEPOTS, 4 NAVAL MAGAZINES, 7 NAVAL ORDNANCE PLANTS, 2
NAVAL NET DEPOTS, 8 DEGAUSSING STATIONS, 8 NAVAL RESEARCH
ACTIVITIES AND 7 MISCELLANEOUS ORDNANCE ACTIVITIES, AS
FOLLOWS: NAVAL GUN FACTORY, WASHINGTON, D.C.; NAVAL POWDER
FACTORY, INDIANHEAD, MD.; NAVAL TORPEDO STATION, KEYPORT,
WASH.; CENTRAL TORPEDO OFFICE, NEWPORT, R.I.; NAVAL UNDERWATER ORDNANCE STATION, NEWPORT, R.I.; NAVAL MINE DEPOT,
YORKTOWN, VA.; AND THE SKIFFES CREEK ANNEX AT THE NAVAL
MINE DEPOT, YORKTOWN, VA.

At the Ordnance Establishment Budget and Reporting Seminar on 26 March 1953, Rear Admiral W.S. Parsons USN, then Deputy Chief of Bureau of Ordnance, stated that the Bureau of Ordnance, among American industry, would rank second to the American Telephone and Telegraph Company in Capitalization. The tremendous financial investment in the Land, buildings and equipment of the Ordnance shore establishment is reflected in the plant account values. The Class I land, plant account value of a recent report was about \$38,000,000. The Class II, buildings and

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THE CRONANCE ESTABLISHMENT LOGET AND REPORTS DENINAR ON 26 MARCH 1903, NEAR ADMINAL M.S. PARSONS US., TIEN DEPUTY SHIFT OF URLEAD OF CRONANC, STATED WAS THE DELAW OF COUNTY OF THE ARCHIVEAN INDUSTRY, WOLLD RANK SECOND TO THE ARCICAN TELEMENDOUS FINANCIAL INFESTMENT IN THE LAVO, FULLULUS AND SCUIPMENT OF THE CRONANCE SHORE ASTALLSHIP NT IS REFLICTED IN THE PLANT ACCOUNT VALUES. THE CLASS I LAND, PLINT ACCOUNT VALUES.

STRUCTURES, PLANT ACCOUNT VALUE WAS ABOUT \$842,000,000. THE CLASS III, MACHINERY AND EQUIPMENT, PLANT ACCOUNT VALUE WAS ABOUT \$300,000,000. THIS MADE A GRAND TOTAL VALUE OF THE PLANT PROPERTY EQUAL TO SUM OF APPROXIMATELY \$1,180,000,000. THIS PLANT INVENTORY VALUE DOES NOT INCLUDE ORDNANCE MATERIALS WHICH ARE IN STORE FOR ISSUE TO THE FLEET OR MOBILIZATION REQUIREMENTS. THE INVENTORY VALUES OF CONSUMABLE SUPPLIES CARRIED IN NAVY STOCK ACCOUNT ON THE SUPPLY OFFICER'S BOOKS ARE NOT INCLUDED IN THE PLANT PROPERTY TOTALS. IT HAS BEEN ESTIMATED THAT AT PRESENT-DAY PRICES IT WOULD COST ALMOST TWICE THE PRESENT BOOK VALUE TO REPLACE THE PLANT ACCOUNT PROPERTY IN THE NAVAL ESTABLISHMENT. AS A COMPARISON WITH PRIVATE INDUSTRY, ORIGINAL COST OF FIXED ASSETS OF THE CATERPILLAR TRACTOR COMPANY AS OF 31 DECEMBER 1952 AMOUNTED TO APPROXIMATELY \$123,000,000. THE TOTAL SALES OF THE CATERPILLAR TRACTOR COMPANY FOR THE CALENDAR YEAR ENDING 31 DECEMBER 1953 AMOUNTED TO ABOUT \$480,000,000. BASED ON THIS SAME RATIO. 3.9, OF SALES TO FIXED ASSETS, THE BUREAU OF ORDNANCE SHORE ESTABLISHMENTS BY UTILIZING ALL PLANT PROPERTY TO FULL CAPACITY COULD HANDLE APPROXIMATELY TEN TIMES THE SALES VOLUME OF CATERPILLAR TRACTOR COMPANY. THIS

STRUCTURE. LA ACCOUNT VALUE VAL A DUT C. B. JU. . U.S. THE LALE TIL. MACHINERY AND TUIDENT, PLANT ACCOUNT VALUE MAS ABOUT \$50 ,000,000. THIS MEDE A GRAND TOTAL VALUE OF THE PLANT PROPERTY FUAL TO SUN OF APPROXIMAREL. 11.16.1.000, OUD. THIS PLANT INVENTORY VALUE DOES NOT INCLUDE ORDNANCE MATERIALS WITCH ARE IN STORE FOR ISSUE TO THE FL AT OR COBILIZATION PECUIREMENTS. THE INVENTOR VALUES OF CONSUMABLY SUPPLIES CARRIED IN APP STOCK ACCOU ON THE SUPPLY CHERCH'S BOOKE AND OF TAPERAGE IN THE PLANT PROPERTY TOTALS. IT HAS BEEN SETIMATED THAT AT PRESENT-DAY PRICES IT WOULD COST ALMOST TWICS THE PRESEN BOOK VALUE TO REPLACE THE PLANT ACCOUNT PROPERTY IN THE NVAL STABLISHMENT. AS A COMPARISON WITH PRIVATE INDUS ORLINAL COST OF FIXTD ASSETS OF THE CATERPILLAR TRACTOR COMPANY AS OF AL DEC MBE: 1908 ANDUNTED TO APPROXIMATELY 122.300.000. THE TOTAL SALES OF THE CATERPILLAR TRACTOR COMPANY FOR THE CAL NOAR YEAR ENDING 31 DECEMBER 19035 ANDUNTED TO A DUT 450,000,000. ASED ON THIS SAME RAPIC S. 3, OF SAL S TO FIXED ASSETS, THE LUREAU OF UNDIANCE STORE ESTABLISH, UTS IV UTILIZING ALL PLANT PROPERTY TO FULL CATACITY COULD HANDLE APPROXIMALLY TEN TIMES THE SALES VOLU E OF DATERPILLAR RACTOR COMPANY. THIS ASSUMPTION IS PURELY THEORETICAL BUT IT GIVES SOME IDEA

OF THE POTENTIAL PRODUCTIVE CAPACITY OF THE BUREAU OF

ORDNANCE SHORE ESTABLISHMENT.

TYPES OF BUREAU OF ORDNANCE ACTIVITIES -- THERE ARE 17 NAVAL AMMUNITION DEPOTS UNDER BUREAU OF ORDNANCE MAN-AGEMENT CONTROL. THE FUNCTIONS OF THESE DEPOTS ARE TO RECEIVE, STORE, SEGREGATE, RECONDITION, MODIFY, LOAD, ASSEMBLE, TEST, MAINTAIN UNDER PROPER SURVEILLANCE AND ISSUE ALL TYPES OF AMMUNITION, EXPLOSIVE AND COMPONENTS, AND TO DISPOSE OF UNSERVICEABLE OR DANGEROUS AMMUNITION. THE DEPOTS ON THE EAST AND WEST COAST AND AT OAHU, TERRITORY OF HAWAII, SERVE AS STORAGE AND SUPPLY STATIONS FOR SHIPS OF THE FLEET IN THEIR RESPECTIVE AREAS AND AS COASTAL DEPOTS, AND SERVE ALSO AS AMMUNITION OUTLOADING POINTS. It is estimated that the total area of Ammunition Depots IS APPROXIMATELY 600 SQUARE MILES. MOST OF THE NAVAL Ammunition Depots are classified as modified industrial ACTIVITIES FOR ACCOUNTING PURPOSES.

THERE ARE EIGHT NAVAL ORDNANCE PLANTS UNDER THE
MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE. THE FUNCTIONS
OF NAVAL ORDNANCE PLANTS ARE TO DEVELOP, DESIGN, MANUFACTURE, ALTER, MODIFY AND RECONDITION GUNS, MOUNTS, FIRE

ASSUMPTION IS PURKLY THE DRETICAL BUT IT GIVE SOLE IN LOFT THE SOLETILL PRODUCTIVE CAPACITY OF THE LUNAU OF CROWANCE SHOEF ISTALLISHMENT.

LYP'S OF URSAY O. W.S.A. ACTIVITIES -- IRS. 17 AVAL ANTO ILLON TROTS UN LA UH.A. OF ROVANC, MAN-AG MEVT CONFIOL. I'T FUNCTIONS OF THISE DEPOTS ARE TO RICLIV. FORE, SIGH CALE, ASCUNDITION, HODIFY, BOAD. ISCUE ALL TYPES OF AYMINITION, EXPLOSIVE AND COMPONINTS. AND TO DIEPESE OF ENC. RVICEA LE O DANGEROUS AMMULITION. PEROTE O THE LATE AND EST COAST AND AT CARD. TERIT OF TAVALL, SCHUE AS STOLLAGE AND STRULLY STATIONS FO SITP OF THE JL IN THE CONSTAL DEPOTS, A " E. V ALES AS AT UNITION OU. LOADING POINTS. IT IS STIMATED THAT TOTAL AS A OF STUDIES OF STEEL AS A IS A PROFINALETY COS UM . MILES. OUT IF THE AVAL AMMUNITION JEPOTS ALE CLASSIBILED AL MORTELLO INJUSTRALAL ACTIVITIES FOR ACCOUNTING PURPOSES.

THER ARE EXCRET AVAL MOVAVO: LAVES UNDER THE TARRANT OF MEDIANCE. AL TUNIT OF LAVAL MOVANCE LAVES AL TO DEFINED DESIGN, MANUFACTURES, ALTER AND RECONDIZION CURE, HOUNTS, FIRE

CONTROL EQUIPMENT, ROCKET AND MISSILE LAUNCHERS, TORPEDO
TUBES, PROJECTILES, POWER DEVICES, AND AMMUNITION COMPONENTS FOR OTHER SHORE ESTABLISHMENTS AND TO PROVIDE TECHNICAL CONSULTATION SERVICE WITH RELATION TO THE MANUFACTURE
AND MAINTENANCE OF GUN MOUNTS AND COMPONENTS TO OTHER
STATIONS AND TO PRIVATE INDUSTRY WHEN APPROVED BY THE
BUREAU OF ORDNANCE. Two of the Ordnance Plants are
CLASSIFIED AS NAVY INDUSTRIAL FUND ACTIVITIES. THESE ARE
THE NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA AND THE NAVAL
ORDNANCE PLANT, FOREST PARK, ILL. FIVE NAVAL ORDNANCE
PLANTS ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING
PURPOSES.

MANY OF THE NAVAL ORDNANCE RESEARCH ACTIVITIES

WERE ESTABLISHED DURING WORLD WAR II. WITH THE EXPANSION

OF ORDNANCE RESEARCH SINCE THE END OF WORLD WAR II, THESE

RESEARCH ACTIVITIES HAVE INCREASED IN SIZE AND SCOPE OF

RESEARCH WORK ASSIGNED. THERE ARE SIX MAJOR ORDNANCE

RESEARCH ACTIVITIES, SEVERAL SMALLER ACTIVITIES, AND SEVERAL

ACTIVITIES WHICH PERFORM ASSIGNED RESEARCH TASKS, ALTHOUGH

RESEARCH MAY NOT BE THEIR PRIMARY MISSION. THE FUNCTIONS

OF THE NAVAL RESEARCH ACTIVITIES WHOSE PRIMARY MISSION

IS RESEARCH WORK ARE TO CONDUCT RESEARCH AND DEVELOPMENT,

CONTROL STUIPMENT, ROCK'T AND VISSIDS LAUNCH'RS, TORPEDO THEES, PROJECTIVES, POWER DEPICES, AND AMMUNITION COMPONERUTE FOR OTHER SPORE ESTABLISHMENTS AND TO PROVIDE TECHN CALL CORSULTATION STRVICT WITH FELATION TO THE TAND AND TO DRIVER AND MATERIANCE OF UDW MOUNTS AND COMPONENTS TO OTHER STATIONS AND TO PRIVATE INDUSTRY WIEN APPROVED BY THE LURISIAN OF THE ORDINANCE LLANTS ARE CLASSIFIED AS MAYY LYDULTRIAL CONDICTIONS AND THE LAW, CLASSIFIED AS MAY, LANT, CORK, TENNEYL AND THE LAND CROWNER LANT CROWNER LANT CROWNER LANT CROWNER LANT CROWNER LANT CLASSIFIED AS MODIFIED THOUSTRIAL FOR ACCOUNT PURPOSES.

VERY CONTROL THE NAVAL ROWARD RESEARCH ACTIVITIES

WERE CETAPLICHED DURING TO LD AR II. WITH THE EXPANSION

OF ORDNANCE IT. WOOD CINCE TO AR OF SOLLO AR II, THESE

RESEARCH NOTIVITIES HAVE INCREASED IN SIZE AND SCOPE OF

RESEARCH NOTIVITIES, SEVERAL SHALL SEX ACTIVITIES, AND ACTIVITIES, AND ACTIVITIES AND ASSIGNED. ISSAACH TASKS, ALTHOUR

RESEARCH NAY NOT BE THEIR PRIMARY MISSION. THE FUNCTIONS

OF THE SAVAL ISSAUCH ACTIVITIES WHOSE PRIMARY RISSION.

IS A SLAHCH WORK ARE TO CONDUCT RESEARCH AND DEVELOPHENT.

DESIGN, PROOF, AND TEST OF ORDNANCE MATERIALS, COMPONENTS,
ASSEMBLIES AND SYSTEMS; PROVIDE TECHNICAL EVALUATION OF
NEW ORDNANCE DEVELOPMENTS PRIOR TO QUANTITY PRODUCTION;
SET UP PRE-PRODUCTION FACILITIES AND PRODUCE PILOT LOTS OF
SPECIFIED ORDNANCE MATERIALS; MAINTAIN AND OPERATE SUCH
LABORATORIES, RANGES, LAUNCHERS AND INSTRUMENTATION AS ARE
NECESSARY FOR THE ACCOMPLISHMENT OF ASSIGNED TASKS; CONDUCT
BASIC TRAINING IN THE MAINTENANCE AND USE OF NEW ORDNANCE
EQUIPMENT; AND PREPARE AND DISTRIBUTE INSTRUCTIONS, REPORTS,
STANDARDS, DRAWINGS AND PUBLICATIONS. ÂLL OF THE MAJOR
RESEARCH ACTIVITIES ARE CLASSIFIED AS MODIFIED INDUSTRIAL
FOR ACCOUNTING PURPOSES. THE SMALLER RESEARCH UNITS ARE
CLASSIFIED AS NON-INDUSTRIAL.

THE FUNCTIONS OF THE FOUR NAVAL MAGAZINES ARE TO

MAINTAIN BASIC STOCKS OF AMMUNITION, TO RECEIVE AND ISSUE

AMMUNITION FOR THE OPERATING FORCES, TO RECONDITION CERTAIN

TYPES OF AMMUNITION TO PROVIDE EXTERIOR MAINTENANCE FOR ALL

TYPES OF AMMUNITION AND TO DISPOSE OF UNSERVICEABLE OR

DANGEROUS AMMUNITION. THE NAVAL MAGAZINE, PORT CHICAGO

IS CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PUR
POSES. ALL OTHER NAVAL MAGAZINES ARE CLASSIFIED AS NON
INDUSTRIAL.

DESIGN, PROOF, AND TEST OF ORDINACE MATERIALS, COMPONENTS
ASSEMBLIES AND SYSTEMS; PROVEDS TECHNICAL EVALUATION OF
NEW ORDNANCE DEV LOPMENTS PRIOR TO QUANTITY PRODUCTION;
SET UP PAL-PRODUCTION FACILITIES AND PRODUCE PILOT LOTS OF
SPECIFIED DEDNANCE MATERIALS; MAINTAIN AND OPERATE SUCH
LABORATORIES, MANGER, LAUNCHERS AND INSTRUMENTATION AS A
NECESARY FOR THE ACCOMPLISHENT OF ASSECUED TASKS; COUD
BASIC TRAINING IN THE YAINTENANC AND USE OF NEW ORDNANCE
EQUIPMENT; AND PREPARE AND DISTRIBUTE INSTRUCTIONS, REPORT
STANDARDS, DRAWINSS AND PUSTICATIONS. ALL OF THE PRODUCT
ALS ARCH ACTIVITIES AS CLASSIFIED AS HOULTED INDUSTRIAL
FOR ACCOUNTING PURPOSES. THE SMALLER RESEARCH UNITS ARE

THE FUNCTIONS OF THE FOUR LAVAL MATAZINES ARE TO MAINTAIN BASIC STOCKS OF AMMUNITION, TO MECKIVE AND ISSUE AMMUNITION FOR THE OPERATING FORCES, TO RECONDITION CHART. TYPES OF AMMUNITION TO PHOVIDE SATHALOR MAINTENANCY AND TO DISPOSE OF UNSERVICEABLE OR DANCEROUS AMMUNITION. THE LAVAL LACAZINE, FORT UNICAGO IS CLASSICHED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. ALL OTHER LAVAL LACAZINES ALL CLASSIFIED AN NON-INDUSTRIAL.

THE NAVAL NET DEPOTS AND NAVAL DEGAUSSING STATIONS ARE MUCH SMALLER ACTIVITIES THAN THE FOUR MAJOR TYPES. NET DEPOTS RECONDITION, ASSEMBLE, MAINTAIN, STORE AND ISSUE NET AND BOOM MATERIAL. NAVAL DEGAUSSING STATIONS MAINTAIN AND OPERATE DEGAUSSING RANGE FACILITIES TO PROVIDE RANGING SERVICES, AND DEPERMING FACILITIES TO PROVIDE DEPERMING AND FLASHING SERVICES FOR ALL CLASSES OF NAVY AND MERCHANT SHIPS. DEGAUSSING IS THE PROCESS OF REDUCTION OF THE NET MAGNETIC FIELD OF A VESSEL TO RENDER IT SAFER AGAINST MAGNETIC INFLUENCE MINES. DEPERMING IS THE PROCESS OF STANDARDIZING THE MAGNETIZATION OF SHIPS. FLASHING IS THE MAGNETIC TREATMENT OF SHIPS NOT EQUIPPED WITH DEGAUSSING COILS. THE NET DEPOTS AND DEGAUSSING STATIONS ARE CLASSI-FIED AS NON-INDUSTRIAL ACTIVITIES FOR ACCOUNTING PURPOSES. ALTHOUGH SEPARATE ALLOTMENTS ARE GRANTED FOR THE MAINTEN-ANCE AND OPERATION OF THESE ACTIVITIES, USUALLY THE ACCOUNT-ING FOR THESE ACTIVITIES IS PERFORMED BY A LARGE PARENT ACTIVITY WHICH PROVIDES ACCOUNTING AND LOGISTIC SUPPORT.

THERE ARE SEVEN STATIONS OF THE ORDNANCE ESTABLISHMENT WHICH PERFORM FUNCTIONS WHICH ARE EITHER PECULIAR TO

EACH INDIVIDUAL STATION OR ARE SO VARIED AS TO PRECLUDE

INCLUSION UNDER ANY OF THE GENERAL TYPES. THESE STATIONS

THE LAVAL LUT JETOTE AND NAVAL DESAUSSING STATES AR YUCL SHALL R ACTIVITIES PHAN TO FUR AJOR TYPEL. N T DEPOTE SECONDITION, ASSENBLE, MAINTAIN, STOPE AND ISSUE UST AND CON MATERIAL. AVAL STRAUSSIC STATIONS MAL TARN AND OPERATE DEGAUSTING PANCE FACILITIES TO PROF RAYCING L'ENICES, AND DID.HEING ACILITIES TO PROVIDE DEP RAINS . AD P.O. CAS E LIGIES TO APP CTV F'S OF WAX AND MERCHANT SHIPS. LEAUSSING IS THE PLOTESS OF REDUCT OF THE LIT LASH FIG FILLS OF A PASSEL TO REALER IT SAFER ASALVST MASSETIC TIFLU WE MINES. SPEINTIG IS TIL PLOC. OF STANDARDIZING THE VAGNETICATION OF SHIPS. PLACHING IS TIF MAS' TIC TRAINERT OF SELPE NOT QUIPPED WITH DECAUSE COILS. THE ET EPOTE AND FEAUERING TATIONS ARE CLASSI FIET AS MON-INDUPTRIAL ACTIVITIES FOR ACCOUNTING PURPOSES LIHOUGH STOA ATE ALLOTMENTS ARE SRANTED FOR THE MAINTEN-ASCT AND SPANIED OF THESE ACTIVITIES, USUALLY THE ACCOL INS FOR THE SE ACTIVITIES IS PERFORMED OF A LINGE PARENT AUTIVITY WILCH PROVINES ACCOUNTING AND LOGICTIC SUPPORT.

M NT WHICH PERFORT FUNCTIONS LEADER DECULIAN TO EACH TRUSTED AS TO PARCHUDE INCLUSION OF THE CONTACT PERSONS. THESE STATIONS

THERE ARE SEVEN STATIONS OF THE GROWINGS STAFFIS

ARE THE NAVAL POWDER FACTORY, INDIAN HEAD, MARYLAND; THE

NAVAL TORPEDO STATION, KEYPORT, WASHINGTON; THE CENTRAL

TORPEDO OFFICE, NEWPORT, RHODE ISLAND; THE NAVAL UNDERWATER

ORDNANCE STATION, NEWPORT, RHODE ISLAND; THE NAVAL GUN

FACTORY, WASHINGTON, D.C.; THE NAVAL MINE DEPOT, YORKTOWN,

VIRGINIA; AND THE SKIFFS CREEK ANNEX, U.S. NAVAL MINE

DEPOT, YORKTOWN, VIRGINIA.

THE NAVAL GUN FACTORY, WASHINGTON, D.C., IS THE

LARGEST OF ALL THE BUREAU OF ORDNANCE FIELD ACTIVITIES AND

THE LARGEST INDUSTRIAL ACTIVITY IN THE DISTRICT OF COLUMBIA.

THIS STATION PERFORMS MANY FUNCTIONS COMMON TO NAVAL ORD
NANCE PLANTS AND, IN ADDITION, OPERATES THE PRINCIPAL

NAVAL ORDNANCE GAGE LABORATORY AND ADMINISTERS THE FINAL

ACCEPTANCE INSPECTION GAGE PROGRAM; STORES, RANGES, OVER
HAULS AND MODIFIES TORPEDOES, AND PERFORMS MANY OTHER MIS
CELLANEOUS FUNCTIONS AS DIRECTED BY THE BUREAU OF ORDNANCE,

INCLUDING LOGISTIC SUPPORT FOR MANY MILITARY ACTIVITIES IN

THE WASHINGTON AREA. THE NAVAL GUN FACTORY IS CLASSIFIED

AS AN INDUSTRIAL ACTIVITY FOR ACCOUNTING PURPOSES. THE

BUREAU IS PLANNING TO INSTALL THE NAVY INDUSTRIAL FUND

AT THIS STATION IN THE NEAR FUTURE.

ARE THE AVAL OWDER LACTORY, LNDIA LLAD, LALVIA D; THE LAVAL LORPEDD STATION, AEYPORT, ABHINGTON; THE DINTERLA TOR, THE LEVAL LAVAL LADER LELAND; THE LAVAL L

THE AVAL ON ASTORY, AUTONOSIS, ... IS THE LARCEST OF ALL T'S U. AU OF URONANCE FLEL ACTIVITIES A. THE LARGEST INDUSTRIAL ACTIVITY IN SH CETAICT OF JOLUM THE STATEON PIRECOME LANY HUNCTIONS COUNCE TO LATAL ORD NAVES LANTS AND, I AD ITTOM, OPERATED THE PRINCIPAL AVAL URBNANC, AGE LA OKATORY AND ADTENTATERS THE PLAAL ACCEPTANCE THE PECTED" AST THORNAT: SPORTS, RANGES, OVER-HAULS AND FOLLY E TORPEDOES, AND PERFORMS TANY OTHER RE CELLANTON, PINCTIONS AS DIRECT'N BY THE URITAU OF RO AND ICCUPATED LOGISTIC SUPPORT FOR MARY MILITA Y ACTIVITIES I THE ASSERVED OF A SE. SIE AVAL TO ACCORY IS CLASSIFIED AS AN I USTRIAL ACTIVITY OF ACCOUNTING PURPOS 2. 184 UNERU IN PLANTER TO INSTALL THE APY INDUSTRIAL FUND AT T. A. STATION L. TH' W'AR FUTURE. The Navy Industrial Fund was installed at the Naval Powder Factory, Indian Head, Maryland, on 1 July 1953.

The functions of this station are to manufacture, recondition, test, and conduct research and development with propellants and high explosives, manufacture sulphuric and nitric acids, and perform other tasks in connection with explosives as directed by the Bureau of Ordnance.

THE NAVAL UNDERWATER ORDNANCE STATION, NEWPORT,
RHODE ISLAND, THE NAVAL MINE DEPOT, YORKTOWN, VIRGINIA, AND
THE NAVAL TORPEDO STATION, KEYPORT, WASHINGTON, ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. THE
CENTRAL TORPEDO OFFICE, NEWPORT, RHODE ISLAND, IS A NONINDUSTRIAL ACTIVITY. LOGISTIC SUPPORT, INCLUDING ACCOUNTING
FOR THE CENTRAL TORPEDO OFFICE IS PROVIDED BY THE NAVAL
UNDERWATER ORDNANCE STATION, NEWPORT.

IN ADDITION TO PROVIDING FINANCIAL SUPPORT FOR
THE STATIONS UNDER ITS MANAGEMENT CONTROL, THE BUREAU
ALLOTS FUNDS FOR THE SUPPORT OF ORDNANCE DEPARTMENT TO
NAVAL STATIONS.

A COMPLETE LISTING BY TYPES OF THE ACTIVITIES FOR WHICH THE BUREAU PROVIDES BUDGETS AND ALLOCATES FUNDS FOR MAINTENANCE AND OPERATION IS, AS FOLLOWS:

"HE APP IN USTRIAL FUND WAS LUCTALLED AT THE LAVAL FORDER ASTERNAND, ON I JULY I THE FUNCTIONS OF THIS STATICN ARE TO MANUFACTURE, ABCOKDITION, THAT, AND COMPUCT RESERVED AND DEVELOPMENT WITH PRODUCTS AND FREE TASKS IN COLUMNICAND WITH TENDER TASKS IN COLUMNICADN WITH TENDER OF CROHANCE.

THE NAVAL UNDS...WAT. CROSSICE STATION, "WOORT, CHODE ISLAND, THE AVAL SING STATION, KEYPOUT, ASKINGTON, STEILLA, THE AVAL VORPIDO STATION, KEYPOUT, ASKINGTON, ARE CLASSIC AS MODIFIED INDUSTRIAL FOR ACCOUNTING PURPOSES. THE SENTING LOUPEDO SFIGE, EMPORT, WOOR LELAND, ES A NON-INDUSTRIAL ACTIVITY. LUGISTIC SUPPORT, INCIUNING ACCOUNT FOR STATIONS ACCOUNT.

IF ADJECTOR TO PROVEDENCE LARGORAL CURPORT FOR THE STATEDS ON THE TURE TURE TO ALLOSS FUNDS FOR THE SUPPORT OF GRANANCE LEPARTHERY TO AVAILABLE STATEONS.

SOM LETE LISTING BY THE SOL THE ACTIVITIES FOR WITCH PRESENCE FOR SELECT SOL AND ALLOCATES FUNDS FOR MAINTENANCE AND OPERATION IS, AS TOLLING:

FIELD ACTIVITIES UNDER MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE

NAVAL AMMUNITION DEPOTS

BANGOR, WASHINGTON CHARLESTON, SOUTH CAROLINA CHARLOTTE. NORTH CAROLINA CRANE, INDIANA EARLE, NEW JERSEY FALLBROOK, CALIFORNIA FORT MIFFLIN, PENNSYLVANIA HASTINGS, NEBRASKA HAWTHORNE, NEVADA HINGHAM, MASSACHUSETTS MCALESTER, OKLAHOMA MARE ISLAND, CALIFORNIA NEW ORLEANS, LOUISIANA OAHU, T. H. SEAL BEACH, CALIFORNIA ST. JULIENS CREEK, VIRGINIA SHUMAKER, ARKANSAS LAKE DENMARK, NEW JERSEY (STORAGE FACILITY AT NAVAL

AIR ROCKET TEST STATION)

NAVAL MAGAZINES

Guam, M.I. Key West, Florida Port Chicago, California Theodore, Alabama

NAVAL ORDNANCE PLANTS

CANTON, OHIO
FOREST PARK, ILLINOIS
INDIANAPOLIS, INDIANA
LOUISVILLE, KENTUCKY
MACON, GEORGIA
POCATELLO, IDAHO
SOUTH CHARLESTON, W. VIRGINIA
YORK, PENNSYLVANIA

NAVAL NET DEPOTS

MELVILLE, R.I. TIBURON, CALIFORNIA

NAVAL DEGAUSSING STATIONS

Balboa, C.Z.
Bremerton, Washington
Charleston, South Carolina
Guam, M.I.
New London, Connecticut
Newport, Rhode Island
Norfolk, Virginia
Pearl Harbor, T.H.
San Francisco, California
Sasebo, Japan
Yokosuka, Japan

NAVAL RESEARCH ACTIVITIES

NAVAL AVIATION ORDNANCE TEST STATION, CHINCOTEAGUE, VA.
NAVAL ORDNANCE LABORATORY, CORONA, CALIFORNIA
NAVAL PROVING GROUND, DAHLGREN, VIEGINIA
NAVAL ORDNANCE TEST STATION, INYOKERN, CALIFORNIA
NAVAL ORDNANCE UNIT, KEY WEST, FLORIDA
NAVAL ORDNANCE LABORATORY, WHITE OAK, MARYLAND
NAVAL ORDNANE MISSILE TEST FACILITY, WHITE SANDS, N.M.

The Court of the Court of the Selling of Is MARKAR OF CASACAGE

SWOAL THICH WAS TANK

A'GO ALKINGTON JEAN L.S. D. OUTH K.E. LINA TARTOTTH, ORT I MUOLINA MALLS LOUTAIN JAFE . TW & PSEY ALLTONION, ALTRORVIA

ASTINGS, DOWASKA ACAVALL . . TSCIL, BI TINGEAL, ASSACHUS TIS C. LESTER. CFLA 10PA ARE LEVANO, SALLFORNIA " WELEA'S, LOUIZIAMA CARU. I. T.

DIAL MACH, DAMERUPHIA ST. JULIBNS URLEK, IRGI IA CHUNAKER, ARKALSAS LAKE SENMARK. I'W O. LDGY

OTORAG: JACKLITY AT AVAL TR LOCK T LEST LATION)

AVAL AGAZIATS

WAM, L. LY SI, LORIDA ORT ULLLAGO, ALIFCIVIA I'MIOLOFE. LLA AYA

LAVAL CLONAVOS LANTE

LANTO , CHIC LOUIST AK, LLIN KS INDIANAPOLIE, INDIANA LOUISVILLE, ENTUCKY ACON, TEOLGIA CILLO, JUATO SOTT STARLISTON, . TREEL YORK, NEYL/ANIA

MAVAL L.T SPOTS

LIBURON, VALUEDRIKA

AFAL GAUSSING TALLONS

ALBOA, T. .. REMTREON . ASPECTON SHARL STON . SUTL APOLINA "UAM. . I. I. V LOWDON, ONN CTICHT SWPORT. MICOS ISLAND ORFCLK, TRGLILLA LARL TARION . .. I. SAP . CARCUSCY, MITHORITA -ALLOV. JAPAN LOCOSULA. JACAN

AYAL MECH ICTIVITIES

AVAL AVIATION OF US TEST OTATION, STROOTSAGUT. A. YVAL RONAVCT LADDRA 'ORY, CRONA, SALIFORNIA AVAL ROVING LOULS, AILBRIN, GLEILA AVAL ROLATOR TET STATION, INTO ERN, SALIFORNIA

AVAL MIDNANC: INII, KEY EST, "LORIDA

AVAL RDWA CO LA SKATORY, CLT. A', ALYLAND L'AVAL RDWANE L'SIL. I ST ACIDLTY, CITR ADE,

MISCELLANEOUS ORDNANCE ACTIVITIES

Naval Powder Factory, Indian Head, Maryland
Naval Torpedo Station, Keyport, Washington
Central Torpedo Office, Newport, Rhode Island
Naval Underwater Ordnance Station, Newport, R.I.
Naval Gun Factory, Washington, D.C.
Naval Mine Depot, Yorktown, Va.
Skiffes Creek Annex (Naval Mine Depot,
Yorktown, Va.)
Naval Administrative Unit, Clarksville, Tenn.

FIELD ACTIVITIES HAVING ORDNANCE DEPARTMENTS OR FACILITIES FINANCED BY BUREAU OF ORDNANCE

NAVAL STATIONS

ADAK, ALASKA
GUANTANAMO BAY, CUBA
KEY WEST, FLORIDA
RODMAN, CANAL ZONE
KOOSEVELT ROADS, PUERTO RICO
SAN DIEGO, CALIFORNIA
SUBIC BAY, PHILIPPINE IS.

ORDNANCE FACILITIES AT OVERSEAS BASES

Port Lyautey, French Morocco Sasembo, Japan Yokosuka, Japan

MANAGEMENT OF THE NAVAL ORDNANCE ESTABLISHMENT HAVING RESPONSIBILITY FOR SO MANY FIELD ACTIVITIES WITH
DIVERSIFIED MISSIONS REQUIRES CAREFUL MANAGEMENT BY THE
BUREAU OF ORDNANCE TO DETERMINE THAT THE OPERATIONS OF
THESE STATIONS ARE EFFICIENT AND ECONOMICAL IN PROCESSING
ASSIGNED TASKS.

EVERY FIELD ACTIVITY IS ASSIGNED A MISSION WHICH CLEARLY DEFINES THE BROAD DUTIES, RESPONSIBILITIES AND

I ISCTLLAVIOUS CRDNANCE ACTIVITIES

AVAL POWDER ACTORY, INDIAN HEAD, MARYLAND
NAVAL PORPLDO LEATICH, MEYPORT, MASHINGTON
SENT AL TORPLDO OFFICE, EMPORT, MHODE ISLAND
AVAL MAGRIMATER CRENANCE STATION, MODE ISLAND
AVAL INE REPORT, MAHINGTON,
OKIFFES NELK MOXX (AVAL INE DEPOT,
OKIFFES NELK MOXX (AVAL INE DEPOT,
AVAL TOISTRATIVE MIT, OLARES FILLE, PEND.

FIELD ASTIVITIES WAIT OF COURSE SELECTIVITY OF FRITTIFF

AVAL . TATIONS

ADAK, LASKA
'UANTANAMO SAY, ŬUBA
LST, LORIJA
'NOSCEVBLT 'ANAL DN'
'NOSCEVBLT 'OODS', 'UT''' ICU
'SAN LIEGO, 'ZLIJORNIA
'SUIC SAY, PHILIPPING IS.

ORDNANCE JACILITIES AT

PORT LYAUTLY, FRENCH 110, OC Salembo, Japan Yokosura, Japan

VALACEM: VT OF THE LAVAL CRONANCE LETALLISHMENT -

IAVING RESPONSIBILITY FOR SO MANY FI LA ACTIVITIES WITH LIVE RESERVED MISSIONS STRUCK CONTRACTOR MANAGEN OF BY THE CUR. AU OF UNDIANCE TO DITTRAINE THAT THE OPERATIONS OF THESE STATIONS ARE EFFICIENT AND TOONOMICAL IN PROCESSING

LPTRY FIELD ACTIVITY IS ASSISHED A MISSEON WHICH

CLEARLY DIFINES TIN BROAD DUTIES, PLESTO DIFFES AND

FUNCTIONS, FUNDS AND PERSONNEL CEILING ARE GRANTED TO THE
ACTIVITIES BY THE BUREAU TO CARRY OUT THE ASSIGNED WORK.
ALLOTMENTS OR PROJECT ORDERS ARE THE TWO MAIN METHODS OF
ALLOCATING FUNDS TO THE FIELD ACTIVITIES. NORMALLY,
ALLOTMENT FUNDS MAY BE OBLIGATED ONLY DURING THE FISCAL
YEAR IN WHICH GRANTED. EXPENDITURES FOR OBLIGATIONS
INCURRED PRIOR TO THE END OF THE FISCAL YEAR MAY BE MADE
UNTIL THE END OF THE SECOND FOLLOWING FISCAL YEAR. PROJECT
ORDERS ARE AVAILABLE FOR OBLIGATION AND EXPENDITURE DURING
THE FISCAL YEAR IN WHICH ISSUED AND FOR THE NEXT TWO FISCAL
YEARS.

A PROJECT ORDER MAY BE CONSIDERED THE SAME AS A
CONTRACT BETWEEN THE BUREAU AND THE FIELD ACTIVITY TO
ACCOMPLISH SPECIFIC WORK FOR A SPECIFIC SUM OF MONEY BY
A DEADLINE DATE. THE OVERHAUL OR MODIFICATION OF FIFTY
TORPEDO DETONATORS WITHIN A ONE-AND-A-HALF YEAR PERIOD
WOULD BE AN EXAMPLE OF WORK ASSIGNED BY A PROJECT ORDER.
IN ACCEPTING A PROJECT ORDER, THE COMMANDING OFFICER
AFFIXES HIS SIGNATURE ACCEPTING THE TERMS OF THE PROJECT
ORDER. ILLUSTRATIONS ON PAGES 29 AND 30 ARE EXAMPLES OF
ALLOTMENTS AND PROJECT ORDERS ASSIGNED TO FIELD ACTIVITIES.

FUNCTIONS, **THIS AND PERSON L CELLING ARE GRANTED TO TEACTIVITY SOLVED TO CARRY OUT THE ASSIGNED SON ALLOTMENTS OR PROJECT DEDERS ARE THE TWO MAIN METHOUS OF ALLOCATING FUNDS TO THE FILED ACTIVITYS. **PAMALLY, ALLOTMENT FUNDS HAY BE OBLIVATED ONLY DIRING THE FISCAL YEAR IN WHICH CRAFTED. **AXPLIDITURES FOR OBLIGATIONS INCURRED PRIOR TO THE END OF THE FISCAL YEAR MAY BE MADE UNTIL THE MO OF THE SECOND FOLLOWING FISCAL YEAR. **ADDITURES AVAILABLE FOR OBLIVATION AND EXPENDITURE DUPIN OF THE FISCAL YEAR IN WHICH ISSUED AND FOR THE WINT TWO FISCAL YEARS.

PROJECT OF THE MAY BE CONSIDER SHE AS A CONTINCT BETWEEN IN. URTAL AND THE FISHD ACTIVITY TO AUTOMPLISH SPECIFIC SUM OF MONEY BY DEADLINE DATE. THE OF PRAUL ON MODIFICATION OF FIFTY TORPEDO STOLET S WITHIN A OVE-A'D-A-HALF YEAR PERIOD WOULD BE AN ALASHED BY A PROJECT ORDER.

IN ACCEPTAGE A PROJ. OF CID 1, THE SOLIADING OFFICER AFFIXES BIS STENATIONS OF THE PROJECT ORDER.

ORDER. TELUSTRATIONS OF PAGES 33 AND SO ARE ELAMPLES OF ALLOYS.

		- 29	-		
FROJ	ECT ORDER				1. DATE
(See reverse side for instructions in issuing project order) F[2a-]: MO(Nea)				ri2a-1:MO'N:aj	
ORDERING DEP	ARTMENT OF COMP	PONENT			3. PROJECT ORDER NUMBER
	ADDRESS				75301
Department of the Navy Bureau of Ordnance	We	shington	25, D.	C.	4. AMENOMENT NUMBER
	PERFORMIN	G INSTALLATION			
	ADDRESS				STATION NUMBER
Commanding Officer	T~	witanamali.	r Indi	iono	2/2
U. S. Naval Ordnance Plant		ndianapoli	s, ma.	Lalla	.163
		INSTRUCTIONS	luc	THOO	
To be completed by 31 Decem		BTAO	3 M	INOU	un un
RIPTION OF WURK TO BE PERFORMED AND OTHE	R INSTRUCTIONS	(If additional	space is	required, use Si	applemental Data Section on
For the manufacture and special packaging of twenty (20) Test Units Mark 44 Mod 0, including procurement of materials incidental thereto. Copy to: Ma8a-2 Maf-2 Ma8-1 Ma8b Qc Fi2a-1 Fi2					
ATION TITLE AND SYMBOL		CLASSIFICATIO			
	LLOTHENT (If pplicable)	PROJECT OR EXP. ACCT.	OBJECT	STATION NUMBER	AMOUNT
1741702.33, O&FN 1954	69	52000 62000	CMD	163	\$30,000
TIFY THAT THIS ORDER IS PLACED IN ACCORD	ANCE WITH THE	PROVISIONS OF	THE ACTS		ND IIII Y 1 1922 (41 1192 22)
TIFY THAT THIS ORDER IS PLACED IN ACCORDANCE WITH THE PROVISIONS OF THE ACTS OF JUNE 5, 1920 AND JULY 1, 1922 (41 USC 23) ERARTMENT OF DEFENSE PROJECT ORDER REGULATIONS. WORK TO BE PERFORMED AND MATERIAL TO BE PROCURED PURSUANT TO THIS ORDER					
ROPERLY CHARGEABLE TO THE APPROPRIATION OR OTHER ACCOUNTS INDICATED ABOVE UNTIL 30 June 1955 THE EXPIRATION					
OF THIS PROJECT ORDER. FUNDS IN THE AMOUNT INDICATED ABOVE HAVE BEEN OBLIGATED ON RECEPTS OF ORDER INC. DEPARTMENT					
TITLE OF AUTHORIZING OFFICER SIGNATURE					
ABOVE TERMS AND CONDITIONS ARE SATISFACTORY AND ARE ACCEPTED.					
ABOVE TERMS AND CONDITIONS ARE SATISFACTORY AND ARE ACCEPTED.					

FORH NOV 50 4 11

INSTRUCTIONS

This form is intended for use by military departments in placing project orders with installations within the Department of Defense.

ITEM 1 - Date of project order or amendment.

ITEM 2 - Name and address of ordering department or component.

ITEM 8 - Number assigned to project order by ordering department or component for control purposes.

ITEM 4 - Number assigned to project order amendment by ordering department or component for control purposes. Formal amendments shall be numbered consecutively.

ITEM 5 - Name, address, and station number of performing installation.

ITEM 6 - Instructions for place, date and method of delivery, if applicable. Where additional space is required for these instructions, use Supplemental Data Section.

ITEM 7 - Full description of the work ordered (this may be incorporated by reference) and such other instructions as conditions of inspections; shipping, packing and marking instructions; etc. Use Supplemental Data Section or attach additional sheets, if necessary. Limitations, if any, applicable to the appropriation or other accounts re-

lewant to this order are shown in the Supplemental Data Section below.

ITEM 8 - Insert in these spaces the complete counting classifications chargeable and the amoubligated by the ordering department or compose for the work ordered (the block entitled "ella sent" is to be used only when the ordering deparent is actually citing an allotment account

ITBM 9 - Insert in the spaces provided, the expition date of the project order; the name, tit and signature of officer, or his authorized repsentative, controlling or having responsibility for the administration of the funds cited on project order or amendment. If authorizing officis other than one having fiscal responsibility the ordering department must have on file, as apport to the certificate, a written statement such an officer substantiating the fiscal portion the certificate.

ITEM 10 - The performing installation shall incate acceptance in this space. Duplicate, bear acceptance date, name, title and signature of a cepting officer shall be returned to the order department or component. If the performing installation is nnable to accept the project order, shall return promptly the original project ord form to the ordering office with appropriate eplanation.

SUPPLEMENTAL DATA SECTION

Gommander BOSTON MAVAL SHIPYARD BOSTON 29, Massachusetts		ALLOTMENT NO. 1410 TYPE OF ALLOTM NEW	
Chief, Bureau of Ordnance		SUPPLEMENT	
TITLE OF APPROPRIATION AND SUBHEAD		APPRO. & SUBHE	AD SYMBOL
Ordnance & Facilities 1954 S. H. 28 PURPOSE OF ALLOTMENT (Name of Project)	1741702.28		
Maintenance, Overhaul and Rehabilitation	QUARTERLY AUTHORIZATION	AMOUNT OF ALLOTMENT	
Equipment in Store	(1)	30,000	
OFFICE PERFORMING ALLOTMENT ACCOUNTING (This data mu- NAME AND MAILING ADDRESS	ACCOUNTING NO.	(2)	25,000
Fiscal Officer Boston Mayal Shipyard	111	(3)	25,000
Boston 29, Massachusetts		(4)	20,000
IMPORTANT NOTE When allotments are granted for more than one quarter, amounts	TOTAL	100,000	
than the current quarter will NOT be taken up until the first (quarter.	PREVIOUS TOTAL		
REFERENCE		NEW TOTAL	
		DECREASES ARE S	HOWN BY "()"

- 1. Iabor and material expenditures incident to the maintenance, repair, overhaul (when authorized by BuOrd), modernization, and preservation of J cognizance fire control material and associated BuOrd controlled spare parts, tools and accessories and expenditures incidental to receiving, recording, sorting, handling, identifying, storing, packaging, and preparation for shipment.
- 2. The following expenditure account number is authorized: 69000 series.
- Unencumbered balances on quarterly authorizations are carried forward and available until expended.
- 4. Station is requested to report under "Remarks" Column of NAVEXOS 3443 any excess or deficiency in authorization.
- 5. Obligations and commitments cannot be lodged against this expenditure authorization until receipt of an ALNAV authorizing commitment and obligation of Fiscal Year 1954 appropriated funds.

Copy to: MCA Fi2(2 copies) Ma4-1 (2 Copies)

J. F. BENSON

23 June 1953

APPROVED

Assistant Director for Planning Material Division

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THE BUREAU GRANTS PER DIEM AND PER ANNUM CIVIL

SERVICE PERSONNEL CEILING TO THE FIELD ACTIVITY. PROVIDED

THAT SUFFICIENT FUNDS ARE AVAILABLE AND THAT CIVIL SERVICE

POSITION DESCRIPTIONS HAVE BEEN APPROVED WHERE REQUIRED,

THE STATION IS AUTHORIZED TO RECRUIT AND HIRE CIVIL SERVICE

EMPLOYEES UP TO THE AUTHORIZED PERSONNEL CEILINGS.

IN MANY BUREAU OF ORDNANCE ACTIVITIES, DUE TO THE

TECHNICAL NATURE OF THE WORK, A HIGH PERCENTAGE OF FUNDS

IS EXPENDED FOR CIVILIAN LABOR. MATERIALS, UTILITIES AND

CONTRACTS FOR OUTSIDE SERVICES ARE THE OTHER MAJOR PURPOSES

FOR EXPENDITURE OF FUNDS.

Upon request of the Bureau of Ordnance, military personnel allowances for officers and enlisted men at field activities are established by the Bureau of Naval Personnel after approval by the Deputy Chief of Naval Operations (Personnel). Pay and allowances for military personnel are paid from the appropriation Military Pay, Navy administered by the Bureau of Naval Personnel. Although the station allotments are not charged for the pay, allowances and subsistence of military personnel, all other personnel expenses, such as maintenance and upkeep of

THE OR AU SHAVES PLA DESH AND PER ANNUN CIVIL SERVICE PERSONNEL CELLING TO THE FIZED ACTIVITY. (ROLDE THAT SUFFICE NY FUNOS ARE ALALLABLE AND THAT CLVIL SERVICE POSITION DESCRIPTION VALUE BE ON APPROVED ON RECULE SERVICE THE STATION IS AUTHORISED TO LEURUIT AND HIRE CIVIL SERVICE PROLES SERVICES SERVICES.

IN MANY SURFAU OF OND AND ACTIVITIES, DUE TO THE TECHNICAL NATURE OF THE WORK, A HISH PERCENTAGE OF PUNDE IS EXPENDED FOR CIVILIAN LABOR. SAFERIALS, UTILITIES AND CONTRACTS FOR SUTSIDE SERVICES ARE THE OTHER SAFOR PURPOSERGE EXPENDITURE OF FUNDS.

UPON RECU ST OF THE .URLAU OF ORDINANCE, MILITARY PERSONNEL ALLOWANCES FOR OFFICERS AND SULISTED MEN AT FILLD ACTIVITIES ARE ESTABLISHED BY THE SUREAU OF NAVALORS. THE SURE RECONNEL BY THE SURE FOR MILITARY OF SURE PARTICLES FOR MILITARY PRISONNEL A E PALO 1.30M THE APPRIPRIATION SILLTMARY SAY, NAVY ADTILISTED BY THE SURE UNLAU OF SAVAL THE ONNEL. .L-THOUGH THE STATION ALLOTMENTS ARE NOT CHARGED FOR THE SAY ALLOWANCES AND SUBSISTENCE OF TILITARY PRESONNEL, ALL CTHARCOUNTS AND SUBSISTENCE OF TILITARY PRESONNEL, ALL CTHARCOUNTS AND SUCH AS MAINTENANCE AND UPKERP OF

BARRACKS, GALLEYS, MESS HALLS, QUARTERS, CHAPELS, AND
DISPENSARIES, AND TRAVEL EXPENSES OF MILITARY PERSONNEL,
ARE PROPERLY CHARGEABLE TO THE STATION MAINTENANCE AND
OPERATION ALLOTMENT.

HAVING BEEN GRANTED FUNDS, MANPOWER AND FACILITIES,
THE COMMANDING OFFICER OF THE ACTIVITY IS RESPONSIBLE
TO THE BUREAU FOR COMPLETION OF ASSIGNED TASKS AND CARRYING
OUT THE STATION MISSION.

PROGRESS REPORTS, FINANCIAL STATUS REPORTS, WORK
MEASUREMENT REPORTS AND MANPOWER REPORTS SUBMITTED BY THE
FIELD ACTIVITIES ARE TOOLS UTILIZED BY THE BUREAU IN EXERCISING MANAGEMENT CONTROL. ALSO, VARIOUS INSPECTIONS
AND INFORMAL VISITS ARE USED TO EVALUATE PROGRESS BEING
MADE, TO DETERMINE EFFICIENCY AND ECONOMY OF OPERATIONS
AND TO VERIFY COMPLIANCE WITH EXISTING REGULATIONS.

THE ILLUSTRATION ON PAGE 33 PREPARED BY THE

COMPTROLLER OF THE BUREAU OF ORDNANCE SHOWS HOW THE BUREAU

EXERCISES MANAGEMENT CONTROL OF THE NAVAL ORDNANCE ESTAB
LISHMENT BY FUND CONTROLS, INSPECTIONS AND MANPOWER CONTROLS.

THE VARIOUS REPORTS RENDERED BY THE STATIONS TO THE BUREAU

FOR MANAGEMENT CONTROL ARE VIVIDLY INDICATED ON THE CHART.

LAR ACKS, SALL YS, MESS HALLS, QUARTERS, CHAPELS, AND DISPENSANTES, AND TRAVEL EXPENSES OF MILITARY PERSONNEL, ARE PROPERLY CHARGEARE TO THE STATION MAINTENANCE AND OPERATION ALLOTMENT.

APING PERN GHANT D FUNDS, MANPONER AND PACILITE

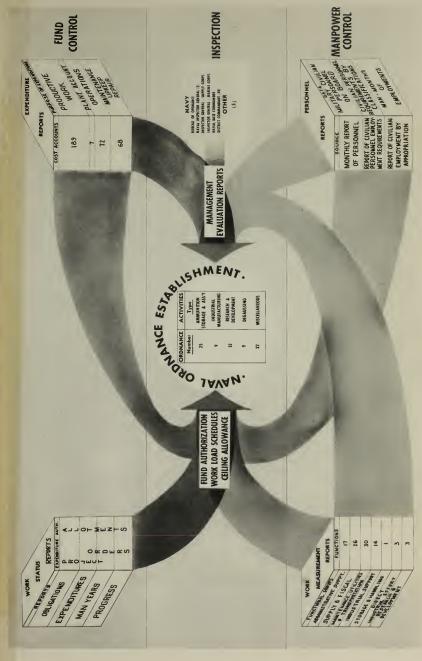
THE COMMANDING OFFICE, OF THE ACTIVITY IS ALEPONEIBLE
TO THE THEAT FO. COMPLETION OF ASSIGNED TASKS AND CAPRY
OUT THE STATION HELION.

ROOR SS REPORTS, FINANCIAL STATUS LIPOPIS, WOLK LASUR NY NEPORTS AND TANDONER REPURE SUBMITTED BY THE FIELD ACTIVITIES AND TOOLS UTILIZED BY THE FROIE NOT STATUS OF COLOUR AND THE VISITS ARE USED TO TVALUATE PROGRESS REING MADE, TO STATUS THE TRICK HEY AND CONTINUE OF OPPOSITORS.

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MANAGEMENT - NAVAL ORDNANCE ESTABLISHMENT





CLASSIFICATION OF FIELD ACTIVITIES FOR ACCOUNTING

PURPOSES -- THE BUREAU OF ORDNANCE IS ONE OF THE FEW

BUREAUS OF THE NAVY DEPARTMENT WHICH HASE FIELD ACTIVITIES

IN THE FOUR CLASSICIATIONS FOR ACCOUNTING PURPOSES. THE

NAVY COMPTROLLER DESIGNATES THE ACCOUNTING CLASSIFICATION

OF FIELD ACTIVITIES IN VOLUME III OF THE NAVY COMPTROLLER

MANUAL.

Paragraph 031200 of the Navy Comptroller Manual describes these classifications as follows:

TYPE OF ACTIVITY	FINANCING MEDIUM	Makes Overhead Distribution	PREPARES DETAILED COST RE- PORTS
INDUSTRIAL MODIFIED INDUS- TRIAL	ANNUAL APPROPRIAT ANNUAL APPROPRIAT		Yes No
Non-Industrial Industrial Fund	Annual Appropriat Navy Industrial F		No YES

NAVY COMPTROLLER MANUAL, VOLUME III, APPROPRIATION, COST AND PROPERTY ACCOUNTING (FIELD) PAR 031200.

CLASSIFICATION OF IL LD . CTIVITIES FOR ACCOUNTIN

VIR OSSE -- THE VIRTAR OF ORDVANCE IS ONE OF THE FLW
BUT AUS OF THE VIRY SEPARTS ON WHICH FAS. FLED ACTIVITY
IN THE TOUR CLASSICIATIONS FOR ACCOUNTING PURPOSSE. JUS.
ANY COMPTROLLER DESIGNATES THE ACCOUNTING CLASSIFICATIONS
OF STILLING ACTIVITIES IN VOLUME III OF THE AVY COMPTROLLS.

FARAGRAPH 051200 OF THE AVY COMPTROLLER GANUAL

OF SCRIBES THESE CLASSIFICATIONS AS FOLLOWS:

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Y28		.WWWAL PPROPRIATION	-ENDITED INDITE-
V.S.		ANNUAL EPROPRIATION	THIAL LOVE INDUSTRIAL LOVE TRIAL LOVE TRIAL LOVE

⁶ APY FORPROLLER LANGAL, FOLUNG III, LPROPELAR FOLT AND PROPERTY COOPERING (FL.LD) AR 051800.

CHAPTER IV

IMPLEMENTATION OF THE NAVY INDUSTRIAL FUND AT BUREAU OF ORDNANCE ACTIVITIES

NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA - ON
AUGUST 1, 1951, THE NAVY INDUSTRIAL FUND WAS INSTALLED AT
THE NAVAL ORDNANCE PLANT, YORK, PENNSYLVANIA. THIS WAS
ONE OF THE FIRST NAVAL ACTIVITIES TO OPERATE UNDER A
WORKING CAPITAL FUND, IN ACCORDANCE WITH THE PROVISION
OF SECTION 405 OF PUBLIC LAW 216. THIS STATUTE ESTABLISHED
WORKING CAPITAL FUNDS IN THE DEPARTMENT OF DEFENSE FOR
THE PURPOSES OF FINANCING INVENTORIES AND FOR PROVIDING
WORKING CAPITAL FOR INDUSTRIAL-TYPE ACTIVITIES.

THE NAVY INDUSTRIAL FUND AT YORK OPERATES UNDER A CHARTER AND A CAPITALIZATION OF \$3,500,000, GRANTED BY THE SECRETARY OF DEFENSE, IN ACCORDANCE WITH TITLE IV AMENDMENTS TO NATIONAL SECURITY ACT OF 1947.

AN ILLUSTRATION PORTRAYING THE OPERATIONS UNDER NAVY INDUSTRIAL FUND FINANCING AT YORK IS SHOWN ON PAGE 36. It is interesting to note that all manufacturing charges, such as direct labor, direct materials, overhead expenses and contract services are financed by the Navy Industrial Fund. Upon completion of the work, the appropriation utilizing the material is charged for the total cost and

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ONE OF THE FUND, I ACCEPTANCE WITH THE PROVISION

OF ECTION 400 OF TRELEC LAW 215. THIS STATUTE ESTABLIS

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THE PURPOSES OF SINANCING CAPITAL FOR PROVIDING

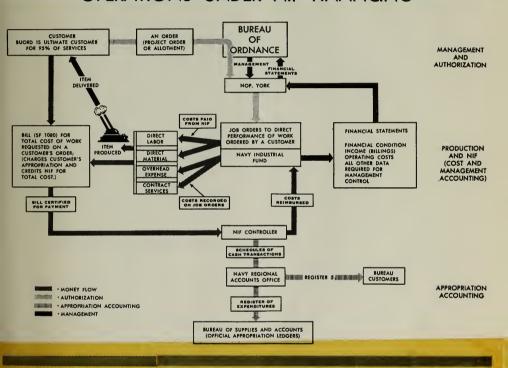
WORKING CAPITAL FUNDS IN THE DAI THENT OF LIFENSE FOR

WORKING CAPITAL FOR INDUSTRIAL-TYPE ACTIVITIES.

THE LATY TROUSTRIAL FUND AT LORK OPPLIATES UNDER OPARTE. AND A CAPITALIZATION OF T.JJJJJJJJ, CRANTED BY TO CHETARY OF LEFENCE, AN ACCORDANCE WITH PLTLE I' ... MINON TO LATIONAL SCURLTY OF 1947.

N ILLUSTRATION PORTRAYING THE OPERITOR UNDER TAPY INDUSTRIAL TONDER THAT ALL YANGERCHURING CHARGES IT IS INTERESTING TO NOTE THAT ALL YANGERCHURING CHARGES RUCH AS DI CT LESCRE DIFFET MATERIALE, OF THE AD EXPENSES AND CONTRACT SERVICES ARE FINANCED BY THE LAPY NDUSTRIAL UND. CPON COUPLETING OF THE WORLS, THE A PROPRIATION UTILL IN THE MATERIAL COST AND

OPERATIONS UNDER NIF FINANCING





THE NAVY INDUSTRIAL FUND IS CREDITED FOR THE SAME AMOUNT,
THUS REPLENISHING THE REVOLVING FUND.

IT IS OBVIOUS THAT THERE ARE MANY ADVANTAGES TO
THE BUREAU OF ORDNAN CE AND TO THE PLANT MANAGEMENT AT

NAVAL ORDNANCE PLANT, YORK, IN HAVING, AS THE FINANCING
MEDIUM, THE NAVY INDUSTRIAL FUND. THESE ADVANTAGES ARE

LISTED IN AN ARTICLE WRITTEN BY THE DEPUTY COMPTROLLER

OF THE BUREAU OF ORDNANCE: 7

THE MAJOR ADVANTAGES GAINED BY THE HOME OFFICE, I.E. THE BUREAU OF ORDNANCE, IN THIS CASE ARE:

- 1. The Bureau is able to evaluate and compare the overhead rates with comparable functions at other field stations under its management control. For example, a determination may be made by the Bureau as to the efficiency and cost of operations of individual overhead functions.
- 2. It will be possible, as the installation of Navy Industrial Fund systems progresses in industrial productive stations under the Management Control of this Bureau, to compare costs of operations and to develop cost competition between stations of a similar nature.
- 3. Through the media of simplified accounting and reporting systems, the cost of work performed will be tied in with the individual budget program as presented and justified before the Appropriations Committees of the Congress. The amount of work performed would be directly controlled by orders placed within the limits of money appropriated for such work by budget allocation.
- 4. It will be possible to obtain more accurate estimates of costs of planned production prior to placing project orders with the Naval Ordnance Plant, York.

⁷E. S. TILLEY, "USE OF WORKING CAPITAL FUNDING BY THE NAVY'S BUREAU OF ORDNANCE," THE CONTROLLER, AUGUST 1952, Pp. 375, 386.

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T.E. THE COLUMN ADVANTAGES TALLED BY THE HOW, COLORS, I.E. THE CAPE ARE:

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5. The Navy Industrial Fund is providing a more effective means for controlling the cost of end items manufactured at the Naval Ordnance Plant, York, thereby simplifying and strengthening the financing, accounting, and budget administration procedures.

Major advantages of such a financing medium as an Industrial Fund to plant management are:

- 1. PLANT MANAGEMENT AND OPERATING SUPERVISORS ARE BECOMING MORE COST CONSCIOUS, WHICH SHOULD RESULT IN INCREASED ECONOMY AND EFFICIENCY.
- 2. Comparisons of actual versus estimated costs are made available to supervisors. Estimated hours allowed for each process in the production of end products are checked against the actual hours required; this information is made available to various levels of management so that deficiencies may be corrected. This same information is made available for planning and production methods purposes in estimating future production.
- 3. Monthly budgets are prepared which forecast costs of production and sales based on deliveries of completed end items. Budgets for production prior to installation of the Navy Industrial Fund were based on the scheduled work load and not on deliveries of end items.
- 4. The overhead rates remain comparatively steady, which will be an aid to intelligent operations planning and in the furnishing of data for estimating costs of future production.
- 5. Standardization of functions has resulted in uniformity between accounting and budget work. Establishment of an organization for the Comptroller Department has more clearly enunciated and delineated accounting and budgeting responsibilities.
- 6. PROCUREMENT OF MATERIAL FROM VENDORS HAS BEEN FACILITATED UNDER NAVY INDUSTRIAL FUND DUE TO THE CONSOLIDATION OF PURCHASES.
- 7. There has been a reduction of approximately 10% in the number of job orders used for production control.
- 8. The cost center concept, by which related productive costs are grouped, and which was installed as a component part of the Navy Industrial Fund system, permits budgets to be prepared for direct related costs by source of charges. Previously, such costs were budgeted for by plant department.

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9. The Navy Industrial Fund system provides more efficient means of controlling the costs of goods and services produced and establishes a more flexible means for financing budgeting, and accounting for such operations; eliminates entirely the many sources of funds previously used to finance industrial operations at the Naval Ordnance Plant, York.

10. ACCOUNTS ARE NOW KEPT ON AN ACCRUAL BASIS IN ACCORDANCE WITH GENERALLY ACCEPTED COMMERCIAL PRINCIPLES. THE ELIMINATION OF THE OLD CASH BASIS AND INTRODUCTION OF THE ACCRUAL BASIS HAS RESULTED IN THE DEVELOPMENT OF MORE FACTUAL FISCAL DATA, AND THE SIMPLIFICATION OF COST ACCOUNTING METHODS.

11. The Navy Industrial Fund tends to emphasize the requirements of local management for timely information concerning the operating costs by functions and focuses sharply attention to such costs according to the department and cost center.

IT IS UNDERSTOOD THAT THE NAVY INDUSTRIAL FUND INSTALLATION AT NAVAL ORDNANCE PLANT, YORK HAS PROVED SO SUCCESSFUL, THAT IT IS BEING USED AS A GUIDE BY THE NAVY COMPTROLLER AND THE BUREAU IN IMPLEMENTATION OF THE NAVY INDUSTRIAL FUND AT OTHER ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE.

NAVAL ORDNANCE PLANT, FOREST PARK, ILLINOIS - ON

1 JANUARY 1953, THE NAVY INDUSTRIAL FUND WAS INSTALLED AT

THE NAVAL ORDNANCE PLANT, FOREST PARK, ILLINOIS. THIS

WAS THE SECOND BUREAU OF ORDNANCE ACTIVITY TO OPERATE

UNDER A WORKING CAPITAL FUND.

THE PRODUCTIVE OPERATIONS AT NAVAL ORDNANCE PLANT,
FOREST PARK ARE GREATER THAN AT YORK. THE GOVERNMENT

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INVESTMENT OR PRINCIPAL OF THE NAVY INDUSTRIAL FUND AT FOREST PARK AS OF 30 JUNE WAS \$8,500,000.

FOR EACH ACTIVITY OPERATED UNDER THE NAVY INDUSTRIAL FUND, AN OFFICIAL PUBLICATION OF THE OFFICE OF THE
NAVY COMPTROLLER IS DEVELOPED FOR THE STATION TO PROVIDE
AUTHORITATIVE ACCOUNTING, BUDGETING AND REPORTING PROCEDURES. THIS IS TITLED THE NAVY INDUSTRIAL FUND HANDBOOK.

THE PRINCIPAL FEATURES OF THE NAVY INDUSTRIAL FUND
ACCOUNTING SYSTEM AS OUTLINED IN THE HANDBOOK ARE TO
PROVIDE: 8

- 1. For the integrity of the "project cash account" by ensuring reimbursement for all work performed and services rendered, and controlling the amount of cash to be invested in inventories and work in process.
- 2. Financial control of commitments, disbursements, reimbursements, cost distributions, and to provide other authority to accept entries to be recorded in the accounting system.
- 3. For budgets which will provide management with information required to exercise control in the following areas:
 - A. CASH REQUIREMENTS;
 - B. PRODUCTION COSTS; AND
- C. MANUFACTURING AND GENERAL AND ADMINISTRATIVE EXPENSES.
- 4. A SYSTEM OF ACCOUNTS, CONSISTING OF A GENERAL LEDGER, SUBSIDIARY LEDGERS, CASH RECEIPTS AND DISBURSEMENTS REGISTERS, PURCHASE AND SALES REGISTERS, AND BASIC JOURNAL ENTRIES TO PROVIDE:

⁸U.S. Department of the Navy (Office of the Comptroller), Naval Ordnance Plant, Forest Park, Illinois, Navy Industrial Fund Handbook, Pp. 1-4, 1-5.

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- A. ADEQUATE AND READY DISCLOSURE OF THE FINANCIAL CONDITION AND OPERATING RESULTS OF NOP FOREST PARK;
- B. ADEQUATE CONTROL OF FINANCIAL TRANSACTIONS AT THE SITE OF OPERATIONS;
- C. EFFECTIVE MEANS FOR CONTROLLING THE LEVEL AND VALIDITY OF INVENTORIES, ACCOUNTS RECEIVABLE AND WORK IN PROGRESS:
- D. AUTOMATIC AND INTERVAL SAFEGUARDS AGAINST CLERICAL ERRORS AND COLLUSION;
- E. AN ACCRUAL BASIS FOR ACCUMULATING AND DISTRIBUTING COSTS ACCURATELY AND IN A SIMPLIFIED MANNER; AND
- F. CONTROL OF COST ACCOUNTING BY MEANS OF THE GENERAL BOOKS.
- 5. CONTROL OF ACCOUNTING CLASSIFICATIONS AND FORMS.

OTHER NAVY INDUSTRIAL FUND ACTIVITIES - EARLY IN

FISCAL YEAR 1954, THE NAVY INDUSTRIAL FUND WAS INSTALLED

AT NAVAL POWDER FACTORY, INDIANHEAD, MARYLAND AND NAVAL

ORDNANCE LABORATORY, CORONA, CALIFORNIA. THE NAVAL POWDER

FACTORY IS PRIMARILY A MANUFACTURING ACTIVITY SIMILAR

TO YORK AND FOREST PARK. NAVAL ORDNANCE LABORATORY, CORONA

IS A RECENT ADDITION TO THE BUREAU OF ORDNANCE RESEARCH

FIELD ACTIVITIES. IT IS UNDERSTOOD THAT THIS ACTIVITY WAS

FORMERLY UNDER THE COGNIZANCE OF THE U.S. BUREAU OF

STANDARDS, PERFORMING WORK FOR THE BUREAU. ALTHOUGH CORONA

IS NOT A LARGE RESEARCH ACTIVITY COMPARED TO NAVAL ORDNANCE

TEST STATION, INYOKERN, CALIFORNIA, AND NAVAL ORDNANCE

LABORATORY, WHITE OAK, MARYLAND, IT IS INTERESTING TO NOTE

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THAT THIS IS THE FIRST RESEARCH ACTIVITY UNDER THE MANAGEMENT CONTROL OF THE BUREAU TO HAVE THE NAVY INDUSTRIAL FUND INSTALLED.

FUTURE PLANS FOR NAVY INDUSTRIAL FUND - JULY 1,

1954 IS THE TARGET DATE FOR INSTALLATION OF THE NAVY

INDUSTRIAL FUND AT THE NAVAL GUN FACTORY, WASHINGTON,

D.C. WHICH IS THE BUREAU'S LARGEST FIELD ACTIVITY. A

SURVEY IS NOW IN PROGRESS TO DETERMINE COST CENTERS AND

TO WORK OUT OTHER DETAILS PRIOR TO THE INSTALLATION. BE
CAUSE OF THE VARIETY AND COMPLEXITY OF THE OPERATIONS AND

THE LOGISTIC SUPPORT FURNISHED BY THE NAVAL GUN FACTORY

TO MANY GOVERNMENT ACTIVITIES IN THE WASHINGTON AREA,

THIS ACTIVITY OFFERS A CHALLENGE TO THE REPRESENTATIVES

OF THE NAVY COMPTROLLER'S OFFICE, THE FINANCIAL DIVISION,

BUREAU OF ORDNANCE, AND THE NAVAL GUN FACTORY, WORKING

ON THE INSTALLATION.

THE BUREAU OF ORDNANCE PLANS TO CONTINUE IMPLEMENTATION OF THE NAVY INDUSTRIAL FUND AT OTHER COMMERCIAL

TYPE ACTIVITIES. IT HAS BEEN MENTIONED THAT THE NAVAL

ORDNANCE PLANT, INDIANAPOLIS WILL PROBABLY BE THE NEXT

NAVY INDUSTRIAL FUND INSTALLATION AFTER THE NAVAL GUN FACTORY.

It is felt that the Office of the Navy Comptroller and Bureau of Ordnance are to be commended for the realistic

THAT SELE IS THE THAT ALLES ON ACTIVEY UNDER THE TWO

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APPROACH TAKEN IN THE INSTALLATION OF THE NAVY INDUSTRIAL FUND. CAREFUL PLANNING AND PREPARATION PRECEDES THE INSTALLATION. THE NEW INSTALLATION IS FUNCTIONING PROPERLY AND EFFICIENTLY UNDER THE NAVY INDUSTRIAL FUND PRIOR TO IMPLEMENTATION AT OTHER STATIONS.

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CHAPTER V

BUDGET AND ACCOUNTING SYSTEM FOR MODIFIED INDUSTRIAL AND NON-INDUSTRIAL ACTIVITIES

MODIFIED INDUSTRIAL ACTIVITIES - MOST OF THE FIELD

ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF

ORDNANCE ARE CLASSIFIED AS MODIFIED INDUSTRIAL FOR ACCOUNT
ING PURPOSES. IT IS ESTIMATED THAT APPROXIMATELY EIGHTY

PERCENT OF BUREAU OF ORDNANCE FUNDS GRANTED TO FIELD

ACTIVITIES, ARE ASSIGNED TO MODIFIED INDUSTRIAL ACTIVITIES.

ALL NAVAL AMMUNITION DEPOTS, ALL ORDNANCE RESEARCH ACTIVI
TIES, ALL ORDNANCE PLANTS, MOST OF THE MISCELLANEOUS

ACTIVITIES, AND ONE NAVAL MAGAZINE ARE CLASSIFIED AS

MODIFIED INDUSTRIAL WITH THE EXCEPTION OF THOSE STATIONS

IN WHICH THE NAVY INDUSTRIAL FUND HAS BEEN INSTALLED.

PRIOR TO 1 JULY 1951, THERE WAS NO DISTRIBUTION

OF INDIRECT COSTS OR OVERHEAD TO PRODUCTIVE ALLOTMENTS

OR PROJECT ORDERS AT THESE ACTIVITIES. AT THAT TIME,

ALL INDIRECT COSTS WERE ABSORBED BY THE STATION MAINTENANCE

AND OPERATION ALLOTMENTS.

IN MAY 1951, FURTHER ACCOUNTING PROCESSES WERE

DEVELOPED FOR ALLOCATION OF INDIRECT COSTS TO BUDGET

PROGRAMS IN CONSONANCE WITH THE PRINCIPLES EXPRESSED IN

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THE PERFORMANCE BUDGET CONCEPT. THIS NEW PROCEDURE FOR COMPUTATION AND APPLICATION OF OVERHEAD WAS EFFECTIVE

1 JULY 1951. BY THIS SYSTEM, MOST OF THE INDIRECT COSTS

SUCH AS ADMINISTRATIVE EXPENSES, MAINTENANCE AND UPKEEP

EXPENSES, SECURITY AND FIRE PROTECTION EXPENSES, AND MANY

OTHER INDIRECT COSTS NOT CONNECTED WITH PRODUCTIVE

WORK, WERE DISTRIBUTED AS OVERHEAD ON A PERCENTAGE RATIO

OF DIRECT LABOR COSTS TO INDIRECT EXPENSES.

This new system made all stations extremely conscious of the overhead rate which was computed by the following formula:

<u>Distributable Indirect Expenses</u> = Overhead Rate
Direct Labor Expenses

THE INDIRECT EXPENSES WHICH IT WAS ESTIMATED WOULD BE REQUIRED TO MAINTAIN THE STATION EVEN THOUGH THERE WAS NO PRODUCTIVE WORK, WERE CLASSED AS NON-DISTRIBUTABLE AND CHARGED TO THE STATION MAINTENANCE AND OPERATION ALLOTMENT.

THE NEW SYSTEM, IN ADDITION TO STIMULATING COMPETITION BETWEEN ACTIVITIES TO REDUCE THE OVERHEAD RATES,
PROMOTED ECONOMY AND EFFICIENCY AT ALL ECHELONS OF THE
STATION OPERATIONS.

⁹U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE LETTERS FI 1 DATED 14 MAY 1951.

THE P.RED. HANT: SUBSET CONCEPT. THIS NEW PROCEDUS FOR COMPUTATION AND APPLICATION OF OVERHEAD WAS SIECTIVE.

1 JULY 151. BY AUSTEM, MOST OF THE INDIRECT COSTS
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THE NEW OVERHEAD COMPUTATION AND APPLICATION PROCEDURES WERE A MAJOR STEP IN IMPLEMENTING IMPROVEMENTS
REQUIRED BY TITLE IV AMENDMENTS TO THE NATIONAL
SECURITY ACT OF 1947.

IN OCTOBER 1951, A BUREAU OF ORDNANCE LETTER
REITERATED SECTION 3679, REVISED STATUTES AS AMENDED
AND OUTLINED NAVY POLICY CONCERNING ADMINISTRATION OF
APPROPRIATIONS. 10 This directive spelled out the
RESPONSIBILITIES FOR PROPER ADMINISTRATION OF ALLOTED
FUNDS AND GAVE THE PENALTIES IMPOSED FOR OVEROBLIGATION
OR OVEREXPENDITURE OF FUNDS. This letter made the field
ACTIVITIES VERY CONSCIOUS OF THE NEED FOR CONTROL OF FUNDS
TO PREVENT OVEROBLIGATION.

A BUREAU OF ORDNANCE DIRECTIVE OF 9 MARCH 1953

PROMULGATED INSTRUCTIONS FOR THE IMPLEMENTATION OF THE

ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM, WHICH

EMBODIES FUNDAMENTAL PRINCIPLES OF BUREAU AND FIELD ACTIVITY

PARTICIPATION IN FINANCIAL MANAGEMENT. 11 IT IS BELIEVED

THAT THIS WAS THE FIRST TIME IN RECENT YEARS THAT THE

¹⁰ U.S. Department of Navy, Bureau of Ordnance letter Fi 1, dated 4 October 1951.

¹¹ U.S. DEPARTMENT OF NAVY, NAVORD INSTRUCTION 7000.1 DATED 9 MARCH 1953.

THE NEW PERSONAL COMPULATION AND APPLICATION OF STATE OF

IN TITLE 1001, A MOLIC OF LABORS LITTER

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 $¹⁰_{\rm U.S.}$ Leparity , for an observe the total surface of the section of the

BUREAU HAD REQUESTED THE FIELD ACTIVITIES TO SUBMIT AN

ANNUAL BUDGET FOR THE FISCAL YEAR. HERETOFORE, PRACTICALLY

ALL BUDGET PLANNING FOR THE FIELD ACTIVITIES WAS PER
FORMED BY THE BUREAU. THE SUBJECT OF THE ORDNAN CE ESTAB
LISHMENT BUDGET AND REPORTING SYSTEM WILL BE COVERED IN

MORE DETAIL IN THE NEXT CHAPTER.

NON-INDUSTRIAL ACTIVITIES - THERE ARE MANY SMALLER ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE RUREAU OF ORDNAN CE WHICH ARE CLASSIFIED AS NON-INDUSTRIAL FOR ACCOUNTING PURPOSES. NAVAL DEGAUSSING STATIONS, NAVAL NET DEPOTS, AND SMALL NAVAL RESEARCH UNITS ARE TYPICAL OF ACTIVITIES IN THIS CATEGORY. USUALLY ONE MAJOR ALLOTMENT, SUCH AS THE STATION MAINTENANCE AND OPERATION ALLOTMENT, FINANCES ALL EXPENSES AT THESE ACTIVITIES. ALSO, THESE ACTIVITIES ARE USUALLY LOCATED AT A NAVAL BASE WHERE THE MAJOR ACTIVITY RENDERS ACCOUNTING SERVICES AND OTHER LOGISTIC SUPPORT. HOWEVER, THE OFFICER IN CHARGE OF THE STATION OR UNIT IS STILL RESPONSIBLE FOR BUDGETARY CONTROL OF FUNDS. INCLUDING RESPONSIBILITY FOR ANY OVEROBLICATION OF FUNDS. A VERY SMALL PERCENTAGE OF THE BUREAU OF ORDNANCE FUNDS GRANTED TO THE FIELD ACTIVITIES ARE ALLOCATED TO NON-INDUSTRIAL STATIONS.

TOURAN HAD BELLESTED THE STEED ACTIVITIES TO SUME AN ALL BUDGET FOR THE FISCAL Y ARE. HERTOCORT, THAT ILL BUDGET PLANTING FOR HE HELD ACTIVITIES WE PERTOURED BY THE JURLAU. IL STRUBECT OF THE ORDIVAY OF SETAL.

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OF TV UST TAL CLUTTES - LABOR ALL MANY SMALLER ACTIVITIES UNDER 1 . MARKEET CO POL DE THE 'U HALL OF RDIA CE WILL SCIETE DES VON-LUTT FOR ACCOUNTING PURPLETS. NEAL DEGAUSSIN LITTOIL. TAVAL T FOOTS, AND SALL NAVAL PLSSACH UNITS ARE TYPICAL OF ACTIVITY S IN 141 CAPSONY. SUALLY ONE 1 9. ALLS MAIT, LUCH LE LUE SLALTON MAINPLANCE AND OFFICE LOW ALLELLE T, FILA CEE ALL . P NES AT THEE ACTIVITIES. LEC, THEE AC IVILLE AR. THEALLY LOCATED AT A LAVAL L'S WIST, LL NATUE CELLITY ENDING ACCOUNTING STATES E AND OTHER LUTLIC SU-PORT. HOWEVER, I OFFICE IL CHARC. U TH. STA LOW OR ONL AS FILL RESPONSEBLE OR ID TARY LECT O' FU'O', ILL O'IN' REPONSIBILITY OR AVY OVERCELLIATION OF . UNDE. A VERY S ALL P. RCS. TASS O TH, THEAU OF JELANC FUNDS HARVIED IN THIS FLELD ACTIVITIS AT ALLICATED TO TOW-THOUSTILLE STAFFORM.

CHAPTER VI

THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM

Implementation of Ordnance Establishment Budget

and Reporting System -- In a directive issued on 13 March,

1953 the Bureau of Ordnance established the Ordnance

Establishment Budget and Reporting System. 12 This new

system, which was a major change in the budget relation
ship between the bureau and the field activities, was

applicable to all field establishments of the Bureau where

formalized budget operations were in effect, namely, all

modified industrial activities and Navy Industrial Fund

activities.

At the Ordnance Establishment Budget and Reporting System Seminar conducted by the Bureau of Ordnance
on 26-27 March 1953, Captain F. R. Putman, USN, Head
of the Shore Establishments Division, said: 13

The uniform budget and reporting system should give us the following improvements: the factual data to support our requests for funds, and improved liaison between Shore Establishments and the Bureau. This improved system is not a time saver or a labor saver at either the Station or the Bureau. But it is the best method that has yet been devised of collecting the detailed and factual data required to present to Congress a reasonable and justifiable estimate to give us the funds to keep our organization as it should.

¹² U.S. DEPARTMENT OF NAVY. BUREAU OF ORDNANCE NAV ORD INSTRUCTION 7100.1 DATED 13 MARCH 1953.

¹³U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE, TRANSCRIPT OF PROCEEDINGS, ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM SEMINAR P. 18 - 48 -

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THE BUDGET AND REPORTING SYSTEM CONSISTS OF TWO

DISTINCT BUT CLOSELY RELATED REQUIREM ENTS; THE DEVELOPMENT

OF AN ANNUAL STATION BUDGET, AND THE QUARTERLY REPORTING OF

PROGRESS UNDER, AND REVISIONS TO, THE ANNUAL BUDGET.

THE ANNUAL BUDGET IS BROKEN DOWN INTO FOUR MAJOR COMPONENTS; THE DIRECT COSTS BUDGET, THE INDIRECT COSTS BUDGET, THE PERSONNEL BUDGET, AND THE CAPITAL BUDGET.

QUARTERLY PROGRESS REPORTS ARE REQUIRED FOR EACH OF THE ANNUAL BUDGET COMPONENTS.

OBJECTIVES -- THE OBJECTIVES OF THE BUDGET AND REPORTING SYSTEM AS STATED IN NAV ORD INSTRUCTION 7100.1

ARE AS FOLLOWS: 14

1. Improved management by a station of its activities by enabling the station better to:

a. Plan its programs and to express those plans in annual and quarterly budget presentations to the Bureau, making known its evaluation of its workload capacities and its requirements in terms of personnel, facilities, and kinds of work;

b. Control its funds, manpower and facilities usage under an annual approved plan of operations; and c. Evaluate and report progress in the accomplishment of that plan.

¹⁴U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE, NAV ORD INSTRUCTION 7100.1 DATED 13 MARCH 1953.

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- 2. Improved management by the Bureau of its field stations by permitting systematic, regular and timely review of workload, obligation rates, distribution of personnel, overhead, and other indices of the stations' operations in order to achieve maximum utilization of field stations in the accomplishment of Bureau objectives.
- 3. Improved continuity in the management of the stations and of the Bureau.
- 4. Enhanced role for the stations in the participation of the Bureau's planning and budget preparation.
- 5. Improved lines of communication between the stations and the Bureau divisions.

RESPONSIBILITIES OF STATION AND BUREAU -- THE THREE
MAJOR STEPS IN THE STATION BUDGETING AND REPORTING PLAN ARE:

- 1. DEVELOPMENT OF ESTIMATES
- 2. BUDGET PREPARATION AND REPORTING
- 3. BUDGETARY EXECUTION AND CONTROL.

An outline chart prepared by the Deputy Comptroller of the Bureau of Ordnance for the Ordnance Establishment Budget and Reporting System Seminar, clearly demonstrates the steps to be followed in the Budget and Reporting System. The chart, pointing out the bureau's and station's responsibilities, the deadline for estimates, progress reports, and other features of the new system is as follows: 15

¹⁵E. S. TILLEY, DEPUTY COMPTROLLER, BUREAU OF ORDNANCE, U.S. DEPARTMENT OF NAVY, UNPUBLISHED CHART OF STEPS IN THE STATION'S EUDGETING AND REPORTING SYSTEM.

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STATION BUDGETING AND REPORTING PLAN

DEVELOPMENT OF ESTIMATE (1)

- A. PROGRAM KNOWLEDGE
 - 1. BUORD TELLS PLANS TO STATIONS
 - 2. STATION REQUESTS
 - A. BY PROJECTS
 - B. BY WORK AREAS

B. COMMAND PLANNING

- 1. WORKLOAD DETERMINATION
 - A. AMOUNTS.
 - B. KINDS.
 - C. STATION LABOR VS. CONTRACTUAL.
 - D. PRODUCTION SCHEDULING.
 - E. JOB ORDER PLANNING
- 2. PERSONNEL REQUIREMENTS
 - A. DIRECT VS. INDIRECT RATIO
 - B. IVB NON IVV RATIO
 - C. OVERTIME POLICY
 - D. LEAVE POLICY
 - E. EMPLOYMENT FACTORS
 (E.G. HOUSING)
- 3. FUND REQUIREMENTS
 - A. NEW FINANCING
 - B. CARRY OVER
- 4. PLANS FOR PLANT UTILIZATION
- 5. Distribution of Workload and Personnel among Major Organizational Units.
- 6. Development and Use of Cost Centers.
 A. Overhead Rates
- C. BUDGET PROCEDURES.
 - 1. Assignment of Budget Responsibilities
 - 2. SCHEDULING AND PHASING OF ESTIMATES.
 - 3. INTERDEPARTMENT LIAISON.
 - 4. REVIEWS
 - A. DEPARTMENTAL
 - B. COMMAND

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BUDGET PRESENTATION AND REPORTING (2)

A. PRESENTATION.

1. DEPARTMENT TO COMMAND (MAR.-APR.)

2. STATION TO BUREAU.
(BY APRIL 30TH)

3. BUREAU REVIEW AND MARK-UP (PRIOR TO 1 JULY)

B. QUARTERLY REPORTING.

1. PERFORMANCE AND PROGRESS

2. STATION PROPOSALS ON REVISIONS OF ANNUAL BUDGET

EXECUTION AND CONTROL (3)

- A. REVIEW BY STATION OF INTERNAL MANAGEMENT REPORTS.

 1. ELIMINATE AND/OR SUPPLEMENT
- B. REVIEW AND DEVELOPMENT OF CONTROL PROCEDURES

 1. BY EXPENDITURE AUTHORIZATION OR BY JOB ORDER

2. Function vs. Station Department. 3. By Allocations to 1 and 2 above.

- C. OBLIGATION AND EXPENDITURE
 ACCOUNTING SYSTEM
 1. COORDINATE WITH RUDGET SYSTEM
- D. BUDGET ANALYSIS
- E. ORGANIZATION
 - 1. DELEGATION OF AUTHORITY
 - 2. BUDGET OFFICER
 - 3. COMPTROLLER
 - A. FUNCTIONS
 - B. PERSONNEL
 - C. WORK MEASUREMENT
 - D. BUDGET
 - E. STATISTICAL REPORTING

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THE DIRECT BUDGET -- THE EXPENDITURE AUTHORIZATIONS, ALLOTMENTS AND PROJECT ORDERS ISSUED TO THE FIELD
ACTIVITIES ARE THE BASIS FOR THE DIRECT BUDGET. AN
EXCEPTION TO THIS IS THAT RESEARCH AND DEVELOPMENT ESTIMATES
ARE GEARED TO TASK ASSIGNMENTS AND THE NAVY RESEARCH AND
DEVELOPMENT BOARD OBJECTIVES ON SUMMARY BASES.

The four major categories of estimates included in the Direct Budget are as follows: 16

The first, and most significant, will include estimates for direct work financed from the appropriation, Ordnance and Facilities, Navy, summarized to supporting subheads, or activities. These include subheads. 10 for Research and Development, .12 for Naval Reserve, .13 for Industrial Mobilization, .28 for Maintenance of Ordnance and Ammunition, .33 for Procurement of Ordnance and Ammunition.

THE SECOND CATEGORY OF ESTIMATES IS THAT EMBRACING WORK FINANCED FROM OTHER BUORD APPROPRIATIONS SUPPORTING DIRECT WORK AT THE STATIONS.
INCLUDED AT PRESENT ARE: OSCN, ONC, CARPN (UNDER BUORD COGNIZANCE), AND PMPN.

THE THIRD CATEGORY OF ESTIMATES IS THAT EM-BRACING WORK FINANCED FROM OTHER BUREAU AND OTHER AGENCY FUNDS SUCH AS ONR AND BUAER APPROPRIATIONS AND AIR FORCE, ARMY FUNDS.

THE FOURTH AND LAST CATEGORY OF ESTIMATES IS
THAT EMBRACING WORK FINANCED BY NON-FEDERALLYAPPROPRIATED FUNDS, I.E., FROM PRIVATE PARTIES AND
LOCAL OR STATE GOVERNMENTS. THIS CATEGORY WILL BE
RELATIVELY INSIGNIFICANT, IF EXISTING AT ALL, AT
MANY STATIONS. IT IS IMPORTANT TO INCLUDE IT,
HOWEVER, SINCE THE STATIONS' TOTAL DIRECT WORKLOAD
SHOULD BE ACCOUNTED FOR.

¹⁶U.S. DEPARTMENT OF NAVY, BUREAU OF ORDNANCE,
TRANSCRIPT OF PROCEEDINGS, ORDNANCE ESTABLISHMENT BUDGET
AND REPORTING SYSTEM SEMINAR, P. 87

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ILLUSTRATIONS OF NAVORD FORMS 2273, 2274 AND 2275

ARE SHOWN ON PAGES 55, 56, AND 57. THESE ARE THE FORMS

USED IN SUBMISSION OF THE DIRECT BUDGET FOR SUBHEAD .10,

RESEARCH AND DEVELOPMENT BUDGET ACTIVITY, UNDER THE

APPROPRIATION: ORDNANCE AND FACILITIES, NAVY. NOTE THAT

THE ESTIMATES ARE GEARED TO TASK ASSIGNMENTS AND THE NAVY

RESEARCH AND DEVELOPMENT BOARD TECHNICAL OBJECTIVES.

DIRECT BUDGET ESTIMATE FOR THE OTHER BUDGET ACTIVITIES MAINTENANCE OF ORDNANCE AND AMMUNITION (SUBHEAD .28)

AND PROCUREMENT OF ORDNANCE AND AMMUNITION (SUBHEADS .33

AND .34) ARE SUBMITTED ON NAVORD FORMS 2276 AND 2277 WHICH

ARE SHOWN ON PAGES 58 AND 59. THESE FORMS ARE USED IN

THE DIRECT BUDGET PREPARED BY THE NAVAL AMMUNITION DEPOTS,

NAVAL ORDNANCE PLANTS AND ALL OTHER ACTIVITIES GRANTED

ALLOTMENTS OR PROJECT ORDERS UNDER SUBHEADS .28, .33, AND

.34.

AS A GENERAL RULE, ALL EXPENDITURE AUTHORIZATIONS

IN THE DIRECT BUDGET ARE SUBJECT TO THE APPLICATION OF

OVERHEAD EXPENSES.

INDIRECT BUDGET -- THE INDIRECT BUDGET PORTION IS

CONCERNED WITH THOSE ELEMENTS OF STATION OPERATIONS WHICH

ARE CLASSED AS INDIRECT COSTS OR OVERHEAD OPERATIONS.

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SECURITY DEPRENTION 1 MODILIZACIÓN 2019 (See 2-29)	SUMMARY OF ESTIMATED FISCAL YEAR DOLIGATIONS AND MAN-YEAR EFFORT	SECRECH AND	COST COMPONENT	Men-Years	Oirect Labor	Materiels A Supplies	Contracts	Equipment	Overhead	TOTAL	14	INDICATED FUND AVAILABILITY	1. Estimeted Unobligeted Balence, 1 July BY	Appropriation No.			2. Support Planned by Bureau for 8Y	3. Total Indicated Fund Availability in BY (Line 1: total plus Line 2.)	4. Indicated Carryover (or Oeficiancy) into 8741	5. Succourt Planned by Burseu for 8741	6. Indicated Carryovar (or Daficiancy) into 8Y+2	Block Line 6.1



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	1	57	SUMMARY OF ESTIMATES BY FISCAL YEAR	COST COMPONENT PY CACTUAL! CY Wan-Years	Direct Labor 45 Materials & Supplies	Contracts		TOTALS S S
notes para apprilem. 3-(3). \$3.500 try increasings.	101 MACADOM MA	107413		APPROPRIATION AND 1074.5 TO 8/30/KY TO 8/30/RY 6/30/RY-1 TO 8/30/KY TO 8/30/RY-1 S S S S S S S S S S S S S S S S S S S				

THESE EXPENSES ARE INITIALLY FINANCED FROM THE STATION

MAINTENANCE AND OPERATION ALLOTMENT. A PORTION OF THESE

EXPENSES ARE DISTRIBUTED AS OVERHEAD TO PRODUCTIVE

PROJECTS. THE REMAINING, OR NON-DISTRIBUTABLE EXPENSES

ARE CHARGED TO THE STATION MAINTENANCE AND OPERATION ALLOT
MENT.

ONE OF THE PRIMARY PURPOSES IN DEVELOPING OF THE REVISED INDIRECT FUNCTIONS WAS TO BRING THE GENERAL EXPENSE FUNCTIONS USED FOR COST ACCOUNTING PURPOSES AND THE WORK MEASUREMENT FUNCTIONS FOR ACCUMULATING DATA FOR WORK MEASUREMENT REPORTING INTO AGREEMENT AS FAR AS POSSIBLE. THE GENERAL EXPENSE FUNCTIONS PERTAIN TO THE ACCUMULATING AND REPORTING OF DOLLAR COST EXPENDITURES BY THE JOB ORDER SYSTEM. THE WORK MEASUREMENT FUNCTIONS ARE CONCERNED WITH MAN HOURS AND WORK UNITS FOR WORK MEASUREMENT REPORTING PURPOSES. MANY OF THE INDIRECT. GENERAL EXPENSE FUNCTIONS WERE REVISED AND CORRELATED WITH THE WORK MEASUREMENT FUNCTIONS SO THAT THE ACCUMULA-TION AND REPORTING OF INFORMATION FOR BOTH REPORTS COULD BE ACCOMPLISHED IN MOST CASES BY USE OF THE TIME CARDS AT THE FIELD ACTIVITIES. FOR EXAMPLE, THE WORK MEASUREMENT FUNCTION FOR SECURITY IS 105. THE GENERAL EXPENSE FUNCTION ARE CHRISTS OF THE STATES AND THE STATES OF THE STATES.

WE OF THE PRINKRY SURFUS O IN SEVELOPING OF THE STALL ED INDI LOT FUNCTIONS DA. O THING LAL WITH ALL SPIES VETIONS WILL OF COURTING PUR-OF S AND THE WOLK I FROM LINE FOR CLICILS FOR COSTAGE LINE DATA TOR WORK LASTRETUT PRINTING INTO JOHEEM NT AS ZE AS POLICE LE LENGLAL LEPINSE PUNCTION L'ATAIN EN HE COUNTY IN THE RESTREE OF OLDER COLD TO THE SELECTION OF T THE JOY OF REVERSE. IN OUR MESSURE THEFTONS APP CI. C. C. C. N.D WITH AN OUTS 12 O. K WITES FILL LOOK LOWELLAND SHI NO SAND, "SECONDA LANDERCA'S CHIR. LASY A STILL TELM, S. MICH ONS . ONE PEPTE D. AND CA. P. LATE! WITH HE KOLK MIKENER TAT FUNCTIONS SO PER ST COUNTING TION AND LEFT OF THE STATE OF TON TON THE SPORES COULS ACCOMPLICATED IN MORT CARES BY USE OF THE CARDE AT THE FILLO C 1. TOUS. OF A PL . THE TOUK FOR A PLANT U.CILON FOR SECONTRY IS LOS. THE PAR HOLES ONCE!

FOR SECURITY IS 45105. THEREFORE BY RECORDING CHARGES

FOR SALARIES OF GUARDS FOR EIGHT HOURS AGAINST A JOB ORDER,

SUCH AS, 36001/45105/100 ON THE DAILY TIME CARDS, THE IN
FORMATION IS ALSO AVAILABLE FOR THE WORK MEASUREMENT

FUNCTION 105.

NAVORD FORM 2280, SHOWN ON PAGE 62, IS THE FORM

USED FOR SUBMISSION OF THE INDIRECT BUDGET. NOTE HOW THE

WORK UNITS FOR WORK MEASUREMENT ARE REQUIRED IN ADDITION

TO THE DOLLAR COSTS FOR LABOR, MATERIALS, CONTRACTS, APA

MATERIAL AND PLANT ACCOUNT EQUIPMENT FOR EACH BUDGET

FUNCTION.

NAVORD FORM 2281, SHOWN ON THE REVERSE OF NAVORD

FORM 2280, IS A SUMMARY OF THE INDIRECT FUND REQUIREMENTS

BY COST COMPONENT AND PROGRAM FOR THE INDIRECT BUDGET.

PERSONNEL BUDGET -- THE ANNUAL PERSONNEL BUDGET IS

A COMPUTATION OF THE PERSONNEL REQUIREMENTS, INCLUDING

THE TOTAL BUDGETED MAN YEARS FOR THE STATION FOR THE BUDGET

YEAR. THE PERSONNEL BUDGET IS BOTH A DISTINCT AND SEPARATE

SET OF ESTIMATES AND A SUMMARY OF THE OTHER ESTIMATES IN

THE DIRECT BUDGET AND INDIRECT BUDGETS. IT WILL REFLECT

ONE OF THE BASIC BUDGET POLICY DECISIONS MADE BY STATION

MANAGEMENT, THAT IS, THE DETERMINATION OF THE NUMBERS AND

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BUREAU OF ORDNANCE

DEPARTMENT OF THE BAYT INDIRECT COST BUDGET

Schedule No.

Non-Distributable Ant. Non-Olstributable An't. Schedule No. Schedule No. Schedule No. Distributable Am't. Olatributable As't. Distributable Aslt: Total Cost Total Cost Total Cost Total Cost A.P.A. Matarial Inon-addl A. P.A. Material Inon-addi A.P.A. Matarial Inon-addi A.P.A. Material (non-add1 Plant Account Equipment Inon-add1 Plant Account Equipment (non-add) Plant Account Equipment (non-add) Plant Account Equipment Inon-addi Contracts Contracts Contracts Contracts Materials & Supplies Materials é Supplies Materials & Supplies Totals Totals Totals Totals Labor Cost Labor Cost Overtine Ovart Ime Overtine Overtime Straight Time and Leave Straight Time and Leave Straight Time and Leava Straight Time and Leave UF-B MOG-17-9 Overtine Total Total Total Total Civilian Nos-IV-b Overtine Civilian ken-1V-8 evertine 407-1V-8 Overtime Man Yeara Man Years Man Years 14-9 4-y - A Work Work Units Work Nork Units Distributable * Non-Distributable Nork Unit \$ Non-Distributable 5 Non-Distributable Current Year, fiscal year 19 Current Year, fiscal year 19 Budget Year, fiscal year 19 Narrative statement: Budget Year, fiscal year 19 Narrative statement: Current Year, fiscal year 19 Currant Year, fiscal year 19 Budget Year, fiscal year 19 Narrative statement: Budget Year, fiscal year 19 Narrative statement: Past Year, fiscal year 19 Budget Function No. Budget Function No. Distributable Distributable Work Unit Work Unit Work Unit

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URE :		MAINTENANCE and OPERATIONS					5	.,	5	,	w	5	-2	0	,	5	5	1	~	5
		Administration										_								
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В		TERMINAL LEAVE (MON-AOD)									_	-								
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		Miscellaneous Indirect Costs (Other than																		
					-															

KINDS OF PERSONNEL WHO WILL BE REQUIRED TO EXECUTE THE STATION'S WORKLOAD IN THE BUDGET YEAR.

NAVORD FORM 2272, SHOWN AS AN ILLUSTRATION ON PAGE 64, IS A SAMPLE ANNUAL PERSONNEL BUDGET. IT HAS TWO SEPARATE BUT RELATED PARTS. THE FIRST PART IS ENTITLED "PROPOSED ON-BOARD COUNTS" AND IS, IN EFFECT, THE HIRING PLAN PROPOSED TO THE BUREAU BY THE STATION. THE LOWER HALF OF THE SCHEDULE IS ENTITLED "ANALYSIS OF MAN-YEAR DISTRIBUTION" AND PRESENTS A BREAKDOWN OF THE MAN-YEARS, BUDGETED IN THE DIRECT COSTS AND INDIRECT COSTS BUDGETS, IN TERMS OF STRAIGHT TIME, OVERTIME AND LEAVE OVERHEAD.

CAPITAL BUDGET -- NAVORD FORM 2283, SHOWN ON PAGE 65, IS USED IN ESTIMATING THE CAPITAL FUND REQUIREMENTS.

THE CAPITAL BUDGET IS A SIGNIFICANT PORTION OF THE OVERALL PICTURE.

This form contains requests for funds which will be for additions to or replacements for station plant account property.

ITEMS LISTED ON LINES ONE TO TEN OF FORM 2283 ARE FINANCED FROM THE STATION MAINTENANCE AND OPERATION ALLOT-MENT. ITEMS LISTED ON LINES ELEVEN TO EIGHTEEN ARE FINANCED FOR OTHER ALLOTMENTS GRANTED TO THE STATION.

KINDS OF TROUND AND WILL BE ESTUINED TO TRECISE THE

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'ALLTAL TORET -- PED FOR ESSE, SHOWN ON PAGE SIS, IF OFFICE OF THE 'ARLTAL TIME RESULL TIME.

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NAVORD FORM 2272 (New 2-53)

DEPARTMENT OF THE NAVY BUREAU OF ORDNANCE

Annual Personnel Budget

SAMPLE

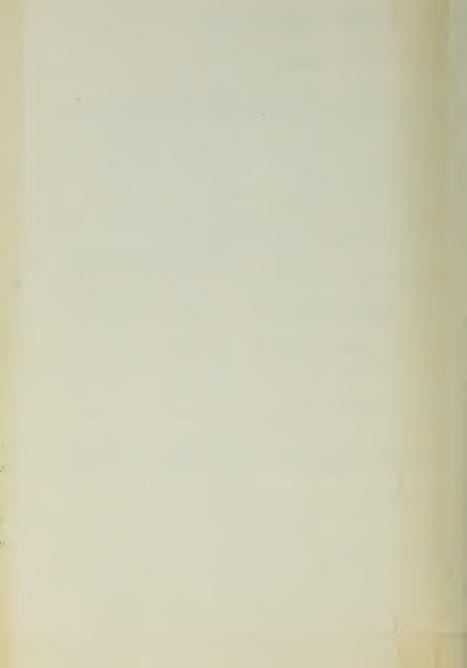
Station______
for FY 19_____

Proposed	On-Board	Counts			
Personnel Distribution	l July	1.0ct	'l Jan'	1 Apr	30 Jun
1. Graded (IVB) Employees	450	450	450	450	450
2. Non-Graded (non IVB) Employe	es <u>850</u>	1050	1050	1050	1250
3. Direct Labor Employees	800	1000	1000	1000	1200
4. Indirect Labor Employees	500	500	500	500	500
Totals (nolvais of Man. V	1300	1500	1500	1500	1700.

Analysis of Man-Y	car * Distribution	
	Indirect Labor	Direct Labor
1. Average Proposed On-Board Count	500	1,000
2. Less: Budgeted Man Years of Leave and Excused time	(-) 62	(-) 125
3. Equals: Man-Years Available for work	= 438	= 875
4. Plus: Proposed Overtime Man Years	(/) 10	_(≠) 50
5. Equals: Budgeted Man-Year Capacity	= 448	= 925
6. Budgeted Man-Years of Leave and Excused Time	<u>(/) 187</u>	xxxxxxxxxx
7. Total Budgeted Man Years	= 635 #	925 #

^{* 1} Man Year = 2,080 hours

[#] Should be equal to the totals of all budget schedules in each group.



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IT IS UNDERSTOOD THAT THE BUREAU PLANS TO BROADEN

THE CAPITAL BUDGET SECTION IN FUTURE DIRECTIVES ON THE

STATION BUDGET AND REPORTING PLAN.

QUARTERLY BUDGET REPORTS -- THE ORDNANCE ESTABLISHMENT BUDGET AND REPORTING SYSTEM INCLUDES A QUARTERLY
SUBMISSION OF PROGRESS REPORTS, EACH OF WHICH IS PHASED
IN TERMS OF CORRESPONDING SCHEDULES OF ESTIMATES IN THE
ANNUAL BUDGET SO THAT A READY ANALYSIS AND EVALUATION OF
THE ANNUAL BUDGET BY THE STATION AND THE BUREAU MAY BE
MADE. THE QUARTERLY REPORTS ALSO SERVE AS MEDIA FOR
RECOMMENDING CHANGES IN THE STATION'S ANNUAL BUDGET SO
THAT, IN EFFECT, A MECHANISM IS PROVIDED FOR KEEPING THE
STATION'S ANNUAL BUDGET CURRENT THROUGHOUT THE FISCAL YEAR.

THE COURTE CONSTRUCT SECTION IN THE TOTAL SECTIONS OF SECURITY SECTIONS OF SECURITIES OF SECURITIES

CHAPTER VII

IN PROMULGATING THE BUDGET AND REPORTING SYSTEM,

THE BUREAU OF ORDNANCE ACKNOWLEDGED THE IMPORTANCE TO ITS

OPERATIONS OF COORDINATED BUREAU AND STATION PLANNING,

BUDGET FORMULATION, AND BUDGET EXECUTION.

THE BUREAU RECOGNIZED THE NEED FOR IMPROVEMENTS

IN FIELD BUDGET PROCEDURES, THE ADVANTAGES TO BE GAINED

BY REVIEW AND IMPLEMENTATION OF STATION OPERATING BUDGETS

AND THE NECESSITY FOR STATION WORKLOAD PLANNING ALONG WITH

BUDGET PREPARATION.

The following accomplishments can be attributed to the installation of the new Budget and Reporting System:

- A. PRESENTATION AND DEFENSE OF BUDGET REQUIREMENTS

 TO THE NAVY COMPTROLLER, BUREAU OF THE BUDGET, SECRE
 TARY OF DEFENSE AND CONGRESS HAVE BEEN IMPROVED.
- B. EACH STATION UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDNANCE NOW HAS AN APPROVED ANNUAL OPERA-TING BUDGET FROM THE BUREAU FOR THE FIRST TIME.
- C. THE BUREAU OF ORDNANCE HAS GREATLY INCREASED

 KNOWLEDGE OF STATION CAPACITIES AND REQUIREMENTS.

 THIS KNOWLEDGE HAS BEEN AND WILL CONTINUE TO BE

 REQUIRED AS THE BUREAU ADJUSTS FUNDING OF STATIONS'

IN PROMUTERING FOR TWO OF AND OFFICE YEARS,

THE THREAT OF COGRAPHIED TO AUTOSIANCE TO I.

AUDOSIT FOR THON, AND EULIST EXECUTION.

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IN FIELD SUPERT PROCEDUM, THE SONATACLE TO DE CAINED

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C. G. U TAU OF COPENSE HAS GREATLY INCORAGED

K' DOLL DUE OF STATION CAPACITIES AND RESUTREMENTS.

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WORKLOAD TO EMPLOYMENT LEVELS AND BUDGETARY
DECISIONS OF HIGHER AUTHORITY.

D. THE BUREAU OF ORDNANCE HAS A BASIS FOR BETTER

MOBILIZATION PLANNING FOR THE DIVERSIFIED ORDNANCE

ESTABLISHMENT UNDER ITS MANAGEMENT CONTROL.

TYPICAL OF THE BUREAU OF ORDNANCE'S DESIRE TO CONTINUE TO MAKE IMPROVEMENTS IN THE FINANCIAL MANAGEMENT AREA IS THE RECENT RELEASE OF NAVORD INSTRUCTION 5450.5 DATED 16 DECEMBER 1953.

This instruction disseminates to the Naval Ordnance Establishments the basic precepts of the Comptrollership program and presents a general Bureau of Ordnance policy statement of long-range objectives to effect efficiency and economy in Bureau management practices.

THE BUREAU OF ORDNANCE IS PLANNING FURTHER IMPROVEMENTS IN THE FINANCIAL MANAGEMENT AREA. IT IS UNDERSTOOD

THAT IN THE VERY NEAR FUTURE A DIRECTIVE WILL BE ISSUED

CONCERNING FIXED OVERHEAD RATES AT MODIFIED INDUSTRIAL

ACTIVITIES.

THE FINANCIAL MANAGEMENT ACCOMPLISHMENTS IN THE

PAST THREE YEARS BY THE BUREAU OF ORDNANCE ARE AN OUTSTAND
ING EXAMPLE OF ACTION BEING TAKEN IN THE DEPARTMENT OF THE

NAVY TO IMPLEMENT TITLE IV AMENDMENTS TO THE NATIONAL

SECURITY ACT OF 1947.

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MANY, WHEN THINKING OF THE FEDERAL GOVERNMENT,

CONSIDER ONLY THAT PART LOCATED AT THE SEAT OF GOVERNMENT

IN WASHINGTON, D.C. IN THE HOOVER COMMISSION REPORT IT

WAS ESTIMATED THAT APPROXIMATELY 90% OF CIVILIAN PERSONNEL

IN THE FEDERAL GOVERNMENT WERE LOCATED IN THE FIELD ACTIVI
TIES OUTSIDE OF WASHINGTON.

THEREFORE, IT IS IMPORTANT TO UNDERSTAND HOW THE FIELD ACTIVITIES UNDER THE MANAGEMENT CONTROL OF THE BUREAU OF ORDZNANCE ASSIST IN ACCOMPLISHING THE DUTIES AND RESPONSIBILITIES ASSIGNED TO THE BUREAU BY UNITED STATES NAVY REGULATIONS AND THE SECRETARY OF THE NAVY.

BUDGETING, ACCOUNTING, AND PROGRESS REPORTING

FOR THE LARGE AMOUNTS OF FUNDS GRANTED BY THE BUREAU OF

ORDNANCE TO FIELD STATIONS IS A TREMENDOUS TASK. IT

PLACES RESPONSIBILITY ON THE BUREAU TO PRESCRIBE ADEQUATE

ACCOUNTING AND BUDGETING PROCEDURES AND SYSTEMS FOR THE

FIELD. THE FIELD ACTIVITIES HAVE RESPONSIBILITIES IN

COMPLYING WITH ESTABLISHED BUDGETARY AND ACCOUNTING

PROCEDURES, SUBMITTING REQUIRED REPORTS BY DEADLINE

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LCCCURTY AND RUDG TING PROCEDURES AND SYSTEMS FOR THE FEELS. THE FIELD ACTIVITIES HAVE HESPONSIFILITIES IN

TION OF FUNDS GRANTED, AND COMPLETION OF ASSIGNED TASKS
AND MISSIONS.

WITH THE PRESENT EMPHASIS ON THE FINANCIAL

MANAGEMENT AREA, WHICH COMMENCED WITH THE HOOVER

COMMISSION REPORT AND THE TITLE IV AMENDMENTS TO THE

NATIONAL SECURITY ACT OF 1947, IT IS FELT THAT IT IS

ESSENTIAL THAT THE COMPTROLLERS OF EACH MILITARY DEPART
MENT AND BUREAU OR OTHER SUBDIVISION TAKE NECESSARY

ACTION TO IMPLEMENT IMPROVEMENTS IN BUDGETING, ACCOUNT
ING, STATISTICAL, PROGRESS REPORTING, AND OTHER FINANCIAL

AREAS FOR THE DEPARTMENT, BUREAU, AND THE FIELD ACTIVITIES

UNDER THEIR MANAGEMENT CONTROL.

IT IS HOPED THAT THIS STUDY OF THE BUREAU OF

ORDNANCE BUDGET SYSTEM WILL BE AS HELPFUL TO THOSE

INTERESTED IN BUREAU-FIELD BUDGETING AND ACCOUNTING

RELATIONSHIP AS IT HAS BEEN TO THE AUTHOR IN ACCUMULATING

THE INFORMATION.

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